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**A Case Study of Housing Programs in the Historic Center of Quito:  
The Need for Planning Direction (1990-2007)**

**by**

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**Thesis**

Presented to the Faculty of the Graduate School of

The University of Texas at Austin

in Partial Fulfillment

of the Requirements

for the Degree of

**Master of Science in Community and Regional Planning**

**The University of Texas at Austin**

**May 2008**

**Housing Programs in the Historic Center of Quito:  
Case Studies in the Need for Planning Direction, 1990-2007**

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## **Dedication**

For the healthy urban and human development of the Historic Center of Quito

For its residents and policy makers



## **Acknowledgements**

First, I would like to thank two people that are part of my life and that allowed me to learn from and enjoy the Historic Center: my mother, because she was the person who introduced me to the Center's life, and Simeon for sharing with me the honor and joy of being Historic Center residents.

Second, I would like to thank to my advisors Dr. Elizabeth Mueller and Dr. Peter Ward because during their classes and during the writing process of this report I learned about the scope of the affordable housing problem not only in Latin America but also in the United States. In those classes and during our conversations I learned about the importance of good housing analysis to the design of housing policy and about the large scope of the housing problem in the world.

Finally I would like to thank different institutions that made this research possible: the UT School of Architecture's Mebane Travel Scholarship, the Municipality of Quito planning department, the office of QUITOVIVIENDA, EMDUQ and the Junta de Andalucía.

Thanks.

May 2nd. , 2008

## **Abstract**

### **Housing Programs in the Historic Center of Quito: Case Studies in the Need for Planning Direction, 1990-2007**

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Since the 1990's, the Historic Center of Quito (HCQ) has been the center of a pioneering urban renewal experiment in Latin America (Rojas, 2004). The local government implemented a series of housing programs to help improve low-income overcrowded living conditions, increase the resident population and protect the patrimonial structures. These policies are relevant to current global trends aimed at historic centers as new places to live, invest or attract tourism.

This report will examine the housing policy and its implementation in the context of Quito's overarching planning and development strategies. In particular, the paper will focus on the programs (1) "*Casa de los Siete Patios*", (2) "*Vivienda Solidaria*" and (3) "*Pon a punto tu casa*". By examining the planning and social policies behind the programs, related financial constraints, issues of gentrification, and consistency with the

Quito Historic Center Comprehensive Plan, the report will look for coherent housing policies to apply to the current urban and population environment.

Using data from field research such as interviews and document review, I will analyze the benefits and deficiencies of these programs. Published data states that 70 percent of the total numbers of housing units in the HCQ are rented by low income populations (INEC-Census 2001); however, the current planning approach seems to ignore this trend and is reducing the possibility for low and middle income inhabitants to maintain their residence due to rising land prices and rents. This analysis will produce constructive policy critiques and provide recommendations for housing policy formulation and improvement.

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## Acronyms and Abbreviations

DMQ	Distrito Metropolitano de Quito
ECH	Empresa del Centro Histórico (Historic Center Corporation)
EMDUQ	Empresa Metropolitana de Desarrollo Urbano de Quito (Metropolitan Corporation for Quito's Urban Development)
FONSAL	Fondo de Salvamento
IDB	Inter-American Bank
INNOVAR.UIO	Comercial name of EMDUQ
MDMQ	Municipio del Distrito Metropolitano de Quito
MIDUVI	Ministerio de Desarrollo y Vivienda
PE-CHQ	Plan Especial Centro Histórico de Quito
PRHP	Programa de Renovación Habitacional Popular, Mexico City.
PGDT	Plan General de Desarrollo Territorial
PPC	Pon a Punto tu Casa
QUITOVIVIENDA	EMDUQ's Housing Department
RECUP-BOCA	Programa de Recuperación de Vivienda en el Barrio La Boca, B.A.
ReHa	Programa de Redoblamiento, Santiago
SELBEN	Sistema de Identificación de Beneficiarios de Programas Sociales
SIV	Sistema de Incentivos para la Vivienda
UN	United Nations
UVC	Unidad de Valor Continuo

## **Preface**

Some ten years ago I worked as an architecture student intern in the Program for Urban Management, section of Habitat, UN in their office located in the historic center of Quito. During the six months I worked there, I helped to develop habitability diagnostics for some neighborhoods in the historic center. While walking and talking with the people we interviewed for our survey, I saw a range of very different living conditions. From very classic middle income families living in the medium size single family historic house to indigenous and young people renting cramped single rooms. Before that internship, the historic center had been for me what it is still for most of the people of Quito, and for tourists in general: an amazing historic and contemporary urban place; a center full of activities, commerce and people. But after the internship, I realized how much work and coordination needs to happen if we really want to preserve the cultural heritage of this diverse and unique place. Human diversity is to me the main characteristic that best describes the life that the historic center has and any planning approach should consider this urban characteristic as part of the rehabilitation process. Still today you will see people from all parts of Ecuador and from the world, from different incomes and different racial and ethnic groups.

Later through my undergraduate studies at the San Francisco de Quito University's School of Architecture I was able to get involved with the Junta de Andalucía, the international cooperation agency that is being helping the municipality to put in practice several housing programs for the low income people with the goal of preserving the built historic environment. This work allowed me to learn about the

comprehensive special plan for the Historic Center while assigned to the development of urban design proposals for the San Blas area on the northern edge of the Historic Center.

San Blas was the neighborhood where the original *Vivienda Solidaria* program built and rehabilitated housing for low income and very low income residents of the historic center in the nineties. I observed that housing renovation policies aimed towards low income people were having positive results: all units sold out even though the Ecuadorian economy has undergoing its worst crisis in our history. The three year *Vivienda Solidaria* program demonstrated that a very high demand for housing exists in the historic center, proven by the one-block-long line of people waiting everyday for several days in the sales office to apply for the new apartments that the Historic Center Corporation (ECH) built.

Following up on that demand, the ECH designed a number of new projects for sale, and once again the one-block-long line was there to apply or buy a housing unit. But this time, the apartments were not part of the *Vivienda Solidaria*'s social program. Those days were over now, the new mayor of Quito did not continue with the program. Interested people from the waiting line, me included, realized that the new housing being produced was two or three times more expensive than that of the *Vivienda Solidaria* apartments. Why this increase? Was the ECH blind to the real income range of the population that comprises the housing demand for the historic center of Quito? Had the land prices become twice as expensive already? What was going on in the historic center?

The proof of the mistake in targeting those new housing products away from the real demand for it is the fact that today, four years later, ECH – which is now EMDUQ – is not able to sell the units in their new projects, many of which are delayed due to lack of

funds. What happened to the one-block-long line of people interested in buying reasonably-priced condos in the historic center? Who were they? And what happened with higher income people? Why are they not buying in the historic center? Higher income people are not desperate to buy the apartments that EMDUQ is building at a scale big enough to call gentrification. If at some point higher income people become interested in living in the Historic Center, the market will respond, but for the present housing production is anticipating a high-end market that does not exist. Meanwhile, low and middle income people may represent a strong demand for housing to rent or to own and the new EMDUQ should be thinking about that demand, a demand that it is not going to access within its current market target.

Today, historic center planning policies and programs need to attend to housing issues in addition to maintaining and restoring monuments and open spaces if we want to have a livable and healthy historic center. But there is no discussion about housing as one of the main planning components needed in order to achieve livability of urban areas.

This report expands on the state of affairs of housing programs and policies in the historic center of Quito. I hope it will become a fundamental source for planners and citizens interested in understanding and learning about what has been done over past years in order to creatively plan for our future.

## Chapter 1: The Driving Question



Despite the fact that population in the area has declined, the Historic Center of Quito remains a place of residence for a substantial population, mostly consisting of low income renters rather than owners (Jones 1996, IMQ 1991 Vol.1B, Census 2001). Comparative analysis of Ecuadorian Census data from 1990 and 2001 showed a negative population growth rate of -1.2% in the Historic Center, while the city as a whole has a population growth rate of 2.6% (<http://www4.quito.gov.ec/>), demonstrating that in 2001 the funds invested and the policies applied in the Historic Center still had not been enough to bring residents back.

Policies implemented by the City of Quito to tackle housing problems, such as its subsidized housing programs (like *Casa de los Siete Patios* [*House of the Seven Patios*] and *Vivienda Solidaria*), offers of strategic incentives and special loan programs (like *Pon a Punto tu Casa* [*Put your house up to date*]), stated as one of their main objectives the renewal and improvement of residential uses in the historic area. However, studies

have demonstrated that attempts to conserve historic structures and to renew neighborhoods in the Center before and during the 90's, using incentives for new homeowners such as exemption of property taxes, actually made little impact on Quito's Historic Center. Gareth A. Jones in his article "*The relationship between conservation programmes and property renovation: evidence from Quito, Ecuador*" shows the results of research in three historic neighborhoods where he surveyed 282 renovated properties, only 13 of which were exclusively residential. Comparing these properties in the Historic Center, Jones concluded that "it is clear that the renovated properties are much less likely to be dedicated to residential use" (1996, 380).

Comprehensive Plans elaborated by municipal planners and approved by City Council also established goals to rehabilitate the Center, taking into account the current low-income resident population's economic and social characteristics. There is a high probability that low income residents might end up struggling to find affordable houses because of the relationship between urban upgrading and rising land and rent prices.

Displacement is not a desired outcome for policymakers and advocates of Historic Center comprehensive rehabilitation. The current plan proposes lowering population densities in some of the Center's neighborhoods while raising density by attracting new residents to some other neighborhoods.

Evidence from past and current housing programs show an inconsistent approach towards the housing needs of low income resident population of the Center. Inconsistent and short lived policy approaches are seen in the switch from monument conservation policies before the 1990's to current comprehensive rehabilitation strategies that are more focused on global tourism than local and metropolitan needs.

The strategies applied towards a comprehensive rehabilitation approach are all motivated locally by the municipality with influence from UNESCO and other international organizations. Officials from Quito participated in declarations for historic center rehabilitation such as the one in Lima in 1997 and in Havana in 1998, which were made with UN partnership. Are low income residents and housing options that meet their needs included in the approach taken by these initiatives? More evidence of inconsistent and unsustained housing policies is shown by the lack of documentation and analysis of previous housing programs.

The lack of research and studies of positive and negative outcomes of the previous and current subsidized projects gives an idea of the haphazard way that planning in terms of housing has been done within the comprehensive rehabilitation plans of the Center.

After 17 years of trying different small scale pilot housing programs, it is difficult to say if the objectives of the Quito Comprehensive Plan and of the Historic Center Special Plan such as facilitating current residents to remain in some areas and while decreasing density in others are being achieved.

### **1.1. RESEARCH QUESTION**

The central focus of this thesis will be to research and analyze current and past housing programs in the Center of Quito, in order to identify what has been the most promising approach for increasing and stabilizing residential use and the actual resident

population of the Center and to assess how such policies might be use to achieve the goals of comprehensive development plans as well as real population needs.

To start, it is necessary to examine whether other historic centers in the region have been able to achieve this goal, since often historic centers share similar social and housing problems. This analysis will be useful first, to see how other exemplary historic centers approach a housing problem and, second, to understand how Quito's Historic Center could develop its own housing policy to in order to be an example for the region in terms of historic center renovation.

At least since winning its status as the a UN World Heritage Site, Quito has been a center of urban development ideas for the regions' [do you mean Latin America?] historic centers, fostering recognition of the planning interests of its municipal officials and helping them to see the beauty of the city itself as a resource. Urban scholars and cultural heritage researchers such as Hardoy (1992) have described the unique urban characteristics and problems of the Historic Center of Quito:

“Mas allá de su belleza de emplazamiento...Quito sobresale entre las ciudades iberoamericanas por su conjunto de obras de arquitectura colonial y del siglo XIX. Pocas ciudades han mantenido la coherencia arquitectónica y urbanística que presentan los distritos antiguos de Quito, a pesar del deterioro que han experimentado durante los últimos años”  
...y “constituye un caso especial en Iberoamérica por el tipo de problemas que presenta y el elevado número de sus habitantes.”  
(Hardoy, 1992: 448)

(Beyond its beautiful layout...Quito stands out among other Iberoamerican cities because of its architectonic complex from the colonial epoch and from the 19th century. Not many cities were able to maintain the architectural and urban coherence that the old districts of Quito present, despite the deterioration it has experienced during the last years... and constitutes a special case in Iberoamerica because of the type of problems that it presents and its high number of inhabitants).



The history of planning efforts to address the Historic Center's problems, especially in terms of housing and its population, will be examined in chapter 2. In this chapter, in order to understand the scope of the research question, it will be necessary to look at historic center urban rehabilitation trends first globally and later specifically by looking at some examples of historic center housing programs. Sadly, I found only examples of individual programs rather than a sustained housing policy for the historic center from the case studies I examined.

### **Historic Center Global Trends**

Global trends are a major factor influencing urban development strategies in the historic central cities of Latin America. The promotion of heritage tourism, including “the industry of travel that promotes cultural landscapes that hold great historical and symbolic landmarks, monuments and neighborhood” (Scarpacci, 2005:7), is the main objective behind comprehensive rehabilitation policies. The touristy-historic city (Ashword, 2000<sup>1</sup>) is being redeveloped in the last decade to conserve it as an antique nucleus of the city, considering its central characteristic and “transforming progressively the residential areas and in general its popular activities toward more marketable uses as tourism” as is happening, for example in Puebla, Mexico (Milán, 2003).

The objective of this section is to understand how the approach to urban problems in historic centers approach is so similar around Latin America. If it is possible to talk about

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<sup>1</sup> G. J. Ashword is a scholar from Europe who wrote “The tourist –historic City: Restrospect and Prospect of Managing the Heritage City”. This book describes a model of how to redevelop the historic center as a space for tourists but for nobody else! The local people are not mentioned in the book at all, maybe because

the Latin American historic centers as somewhat comparable, what can be learned in terms of housing policies implemented towards upgrade or construction of housing without displacement of low income residents? There have been some good experiences, similar to but on different scales from Quito's experiences. For some planning agencies, retaining the central neighborhood's traditional residents is a goal specified within comprehensive rehabilitation programs. The main focus for this section is on literature that specifically addresses best practices for addressing low income housing in the historic center, rather than on the hundreds of publications about strategies for monument restoration, recuperation of public space, problems with street vendors and other issues related to the habitat and the "touristy" environment of historic centers.

Latin American historic centers are for the most part places that maintained their quality as livable parts of the city but that show characteristics of physical deterioration. Contrary to trends in US downtowns, Latin American downtowns never stopped playing the role of central areas; however, some similarities to the US can be found as well. The management of historic center rehabilitation around Latin America addresses common challenges such as precarious housing conditions, services and infrastructure, land use changes, lack of resources for plan implementation, and limited political will (Cantú, 2005); urban problems that have also been identified as inner city constraints.

Others have investigated similarities between historic districts and inner city areas in the US or Europe (Bromley and Jones 1996, Ward 1993). As Bromley and Jones (1996) put it, "inner city is a well-recognized concept in the First-World urban context"

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historic centers en Europe do not have local people living in there. This book is not a very relevant reference for Quito's Historic Center conditions.

but when trying to recognize a Latin American “inner-city”, the historic centers are partly comparable to this idea because of similarities such as location or demographics (p: 179), even if their evolution has been distinct from that of inner cities in other parts of the world.

This point of view is important in order to see the urban problems experienced in historic centers without focusing exclusively on historic preservation or conservation. If historic centers and inner cities have similar characteristics, the scope of urban policy can be expanded to explore different cases as examples and to look for best practices. Under this perspective, regional conservation agreements such the “*Havana Declaration*” come up short in terms of urban policy recommendations. The region can learn from inner cities’ urban problems in other parts of the world, even when they are not UNESCO world heritage relics.

Ward (1993) explored the divergences and convergences of inner cities in Latin America as compared to global trends and inner cities in the US and UK. He suggests that inner cities can be evaluated from different points in order to see “differences of degree” and “differences of kind” (p: 1140) Macro-level processes shaped the inner city in terms of demography and economic conditions while micro-level processes are shaping local re-investment and the return of the middle income or upper income classes to the central city (Ward, 1993: p.1141).

When looking at the spatial context of the Latin American inner city, Ward also suggests that the colonial condition of the architecture adds “a challenge to the contemporary inner-city planning” (p: 1141). However, besides the different architectural landscape, there are other more similar characteristics shared with inner cities in other

places, to some extent based on the demographics and social cohesion of the population living in there. As Ward points out, when applying urban rehabilitation policies “the retention of people in the inner city is important, since another common feature is the existence of a strong popular culture” (ibid p: 1141), such as the important cultural traditions of the East End ‘Cockney’ in London or the Jewish working class in the Bronx.

Even though there are similar trends to be found in inner cities and historic centers, Ward’s article helps us understand that historic centers’ urban changes are in some ways different from inner city changes in the US and the UK, especially in terms of some aspects of demographics (1993, p: 1155). Global economic trends and processes of industrialization produced different outcomes in Latin America. For example, gentrification in the Latin American inner city and commercial recentralization “are likely to be modest” and the “private sector has not sought rapacious profits through reconstructing the inner city” (p: 1155). If a small percentage of the Latin American city’s population is actually high income, this might be related to the lack of a large population desiring to re-colonize the historic center. In the case of Quito, there are very clear areas of the city identified as good places to live for upper income populations: affluent neighborhoods and suburbs that are not even close to the city core and are in “proximity to white-collar places of employment” (Scarpaci, 1999.p:4). To what extent are policy ideas implemented in other inner cities or other historic centers appropriate for a place like Quito?

Global ideas for approaching urban problems, such as housing policies, are valuable to learn from, but should be carefully evaluated before trying to apply them in a local context. When looking for ways to implement housing rehabilitation programs,

ideas come as models from the stakeholder that finances the policy implementation. Fernando Carrion (2007) in his article *“Dime quien te financia y te dire quien eres”* (“Tell me who is financing you and I will tell you who you are”), helps to emphasize the need for concrete and comprehensive policies to set the path for external or local investment. Carrion says that without such policies, “the city policy gets subordinated to the financing conditions and then ends up defining the Historic Center project” (p: 43). The solution that he proposes to avoid this subordination effect is to create a self-sufficient economic source or different diverse sources.

The following section describes several regional meetings that took place over the past 40 years at which scholars got together to attempt to understand the problems of historic centers. It appears that through these meetings many ideas about housing programs were spread throughout the region. The section then goes on to discuss some examples of housing programs in exemplary historic centers as a short study of cases to learn about (1) their goals and objectives, (2) how the local government planned and financed housing program and (3) who benefited and why.

### **Exemplary Historic Center’s Housing Programs**

This regional network formed in Havana followed some of the ideas established in the UNESCO *Quito Letter* Declaration of 1977 (Scarpaci, 2005) or the Venice Letter of 1964 (Carta de Venecia <sup>2</sup>) in which the conservation of historic centers of world cities gained new importance as they came to be seen as urban repositories of shared cultural

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<sup>2</sup> [http://www.icomos.org/docs/venice\\_es.html](http://www.icomos.org/docs/venice_es.html)

and architectural history. The letter calls for global cooperation and global ideas in order to restore their built environment.

As the Havana declaration established, the development of a historic center's identity is linked to processes of globalization because it brings together a nucleus of regional interests and common problems and "sets up a path to assume, empower, and document from a united position, a dialogue with diverse international actors that might be in a position to cooperate or invest in the region's historic centers" (Havana Declaration, 1993)<sup>3</sup>. One of the important goals of the Havana Declaration was to set up a network to share knowledge and research and to strengthen cooperation to solve problems in historic districts. This type of agreement among local governments helped to develop similar strategies to implement urban rehabilitation programs such as RECUP-Boca in Buenos Aires (1984), Casa de los Siete Patios in Quito (1994) or Manazana 127 in Cuzco (2000). It is hard to say where these new ideas about historic center redevelopment started, but international cooperation agencies played an important role in their spread. Housing rehabilitation experiences from Europe, especially from Spain, were brought to Latin American through cooperation between local governments and agencies like AECI and the Junta de Andalucía.

A 1977 colloquium in Quito produced the *Quito Letter* that advocated strengthening historic preservation throughout Latin America (Scarpaci, 2005). The Letter defines historic districts as "those living settlements that are strongly conditioned by a physical structure stemming from the past, and recognizable as being representative of the evolution of a people" (PNUD, UNESCO 1977, n.p. at Scarpaci, 2005: 10). As Scarpaci

states, this is a good beginning for historic centers' management because it includes the built environment as well as "non material culture such as people, their lifestyles and traditions, productive activities, beliefs and urban rituals" (Scarpaci, 2005:10)

These international colloquiums addressing the problems of historic centers recently organized into a formal group called OLACHI (Organización Latino American y del Caribe de Centros Históricos). The seat of the organization will be established in Quito, setting up a new framework for regional organizing and giving new responsibilities to Quiteño citizens for maintaining and developing the historic center as an exemplary case for the region.

The historic centers of Mexico City, Buenos Aires, Santiago and el Cuzco have developed exemplary housing programs and had experiences that contain interesting and compelling lessons for Quito. It is specifically interesting to compare different planning experiences in terms of the established goals, the planning and finance methods, and the intended and actual beneficiaries.

***Low-income housing renewal (PRHP); Mexico City.***

***Housing emergency and renter's organization***

The housing rehabilitation approach that was implemented in Mexico City's historic center is remarkable because the goal was to respond to a housing emergency and, through federal policy, to ensure that the organized renter population benefitted. The program had very positive results in terms of number of housing units but also in terms of social organization. Housing policy emerged after the earthquake Mexico City experienced in 1985 and that revealed the deteriorated conditions of the *vecindades* and

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<sup>3</sup> <http://www.cenvi.org.mx/lahabana.htm>

the housing need of the renting population that was living there. But does it take an earthquake for a city to recognize its emergent housing needs and in order to get renters organized?

In this case, the origin of the program was with the declaration of a housing emergency after the 1985 earthquake that caused one of the biggest major disasters ever known in the City's history (Peniche, 2004). The planning process of the program *Renovación Habitacional Popular* PRHP (Low-income Housing Renewal) started with a federal act to create an autonomous entity to implement housing reconstruction projects. The PRHP rebuilt 48,000 housing units in two years, 13,562 of which were located in the historic downtown area (Delgadillo, 2003). The program expropriated 769 buildings of the historic area for the residents, not as an immediate strategy to solve the housing problem, but primarily to create a mechanism to stop expulsion of residents. After the earthquake, property owners and landlords had the perfect excuse to evict their tenants (from rent-controlled properties in many cases) in order to regain control of their properties for more lucrative redevelopment (Azuela, 1987; Duhau, 1987).

The official rationale for the Expropriation Act and the related housing policy was to create benefits for "the affected residents whose housing was located in the city center" (Duhau, 1987. p: 79). According to Duhau, the act conceptually returned to issues of housing degradation caused by rent control measures, it recognizes the modest impact of other rehabilitation programs to reinforce the population's sense of belonging and it recognized the "urban value" of the neighborhood characteristics (Duhau from CME, 1985:12 p: 79).



Among the affected properties, 30 percent of the houses were subject to rent freezes during the 1940's. Furthermore, 97 percent of the houses that would be rebuilt by PRHP were inhabited by renters rather than owners (Peniche, 2004). The active role of renters' in the reclamation of their housing rights is the highlight of the Mexican programs of these years. After the act passed, expectations and social organization grew to the point that to ignore it would have brought political and social problems (Duhau, 1987). To manage residents' claims, the program developed three strategies: (1) right certification (*Certificado de Derechos*), which was not an actual legal document but was more like an agreement for management, transparency and conflict resolution; (2) facilitation to constitute reconstruction committees for each *vecindad*, and (3) the development of a policy called "Puertas Abiertas" for the affected groups; this was a strategy to establish direct relationships for management and negotiation with the affected population. The "chaotic universe and broadly mobilized affected population was transformed in an organized waiting line in the government subsidies window" (Azuela, 1986: 4 in Duhau, 1987: 92).

It is interesting to note that later in Quito, in the management of the *House of the Seven Patios* (1993) pilot project, those same three strategies for working with renter organizations were applied (Chapter 4). Of course the scale of the problem and the magnitude of the number of affected population are not comparable. The Mexico City case is an exemplary case in response to housing problems in an emergency, but many of the policies employed could be applied more generally, not just after major disasters.

Today, when housing is still such a large problem begging to be addressed in historic areas, it might be a good idea to declare them "emergency areas" rather than

“historic areas” (Peniche, 2004). As Scarpaci (2005) pointed out, UNESCO recognition and other acts of appreciation do not always come with good sources of funding for historic centers. When a policy has a framework of an “emergency” it has the possibility of attracting national or local government attention in order to quickly bring the important stakeholders to the table in order to put a program into practice.

### ***RECUP-BOCA; Buenos Aires***

#### *Mutual Esperanza renters’ organization*

The planning of this program began in 1984 with a cooperative agreement between different public agencies of Buenos Aires and the signing of Act No. 3473/84, mandating the rehabilitation 21 *conventillos*<sup>4</sup>. The two objectives of the program RECUP-BOCA were: (1) “To improve habitat conditions of the population with scarce resources, and (2) to recuperate, for the city as a whole, a degraded area (Carreira, 1994: 150). This program specified three “axes” for delineating the participation of different agencies that would put the program into practice. The first axis coordinated the diverse team of agencies involved, the second applied three different specific strategic approaches (pilot or single projects at the time) to address the degraded area and the third managed the use of federal resources.

The team of three agencies was comprised of (1) the Urban Planning Council (CPU) section of the public works secretary, (2) the Policy and Plans Management Office section of the Sub-secretary of Planning and (3) the Development Management and

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<sup>4</sup> *Conventillos* are single houses historic houses that were converted into multifamily buildings often in overcrowded conditions in Latin American historic centers. *Conventillo* means little convent which refers to the architectural layout of little rooms directed to a central patio. Each Latin American country has a local name to call this type of multifamily living, in Mexico for example are they are called *Vecindades*.

Urban Renewal Office section of the Municipal Commission of Housing. Among them, they created a technical team that was to be responsible for the program's development; CPU was the agency responsible for coordinating action among the others.

In her article about the program, Ana Maria Carreira (1994) explains that it was designed according to three different levels of action, outlined as “axis number two” of the program's planning strategy. The three different levels were: (1) an Immediate Action Plan, to take action on urgent needs that do not require previous studies because the population has already identified the problem, and (2) rehabilitation and development program, which collects proposals and studies to (a) identify factors that influence in the deterioration process, and (b) to prepare strategies that will help to reverse the deterioration process (Carreira, 1994: 150). The last action level (3) was the identification of a pilot area; this is the highlighted strategy of this program. The pilot activities were just one part among many within the overall program, but as this pilot project explicitly considered the habitat problems of the families living in the area, it is a good demonstration of how social aspects were considered in the policy, which is my main concern for the present analysis.

With regard to social aspects, the objective of the pilot project was to consolidate the social fabric of the area through housing stabilization and through the generation of economic activity. The majority of the population that lived in the La Boca area where the pilot project was carried out was classified into households with unsatisfied basic needs, a classification that considered not only income but also whether the housing conditions are considered precarious, overcrowded, or with insufficient sanitary services (Carreira, 1994: 153). The idea of “social fabric” was important for this program, and it

considered the advantages of good neighborhood social interaction such as strong community relationships and also considered the facilities and social benefits gained by being located close to central areas of the city. Another remarkable component of the program's policy is that for the technical team it was important that people living in *conventillos* as renters be considered as having a type of tenure beneficial for the household economy; Carreira also explains that people from these *conventillos* recognize these rental opportunity as a good avenue towards a potential for appropriation (1994: 153). This group of renters, as in the Mexico City case, also achieved a level of organization that helped them to be able to ensure access to the new renovated housing.

Looking at the social components of this program, one of the most interesting aspects is its recognition of the renters' organization as a legitimate stakeholder. The owner of 21 of the properties that had rental housing was a corporation called "Celestina La Grande" which went into bankruptcy, leaving the banks with the task of evicting 1,200 renters. The inhabitants knew about the possibility of eviction and created the organization called "Mutual Esperanza" to demand municipal action to address their housing problem. This led to the renters' organization negotiating with the technical team to elaborate what they found was the best possible solution: to buy the deteriorated properties, to rehabilitate them, and to sell them to their previous inhabitants.

In order to participate in the program, households had to be registered with the social organization and to participate in the organization's decision-making. "Mutual Esperanza" had rules for maintaining the organization's stability and its housing adjudication; a certain amount of money was required as a monthly payment by members

of the organization, money that also counted as part of the down payment for the housing unit purchase.

The way this program was developed and the way that the *conventillos* inhabitants organized to enforce their housing rights by negotiating with the municipality is a remarkable example of a strategy for addressing the housing needs of an organized population. This program is not only an example for policy makers and planners; it is especially an example for all those renters that do not feel that they are part of the neighborhood fabric. These neighborhood residents of Buenos Aires provided a lesson for the rest of the people living in *conventillos* about how to get things done in their favor.

### ***Repoblamiento de La Comuna; Santiago***

#### *Public-private partnerships to achieve different goals*

In 1940 the historic center area of Santiago known as “*La Comuna*” had a population of 430,000, which by 1992 had decreased to 232,000. In response to this decline, a program was created with the goal of bringing residents back (*repoblamiento*) to the historic center while also maintaining the current population.

The military regime that controlled the country after 1973 had specific plans for the low income population living in the central areas. As Hardoy (1992) explained, while the population of historic centers in Latin America can be characterized generally as low-income (p: 163), this characterization contrasts with Santiago’s center, where this general tendency is not reflected and “where government policies implemented during de 1980’s decennial promoted the mobilization of the low income population to the urban

peripheries” (Hardoy, 1992: 163). However, people like Pablo Contrucci<sup>5</sup> have argued that the depopulation process in the *Comuna* of Santiago was similar to processes seen in other Latin American centers. Since the 1980s, the *Comuna* has experienced a process of deterioration, resulting in declining population due to the migration of its inhabitants to the periphery (Contrucci, 1999).

The planning structure of the program involved a broad housing policy approach that includes the national government’s initiatives along with local-public and private partnerships. ReHA program offered subsidized credit, technical assistance and government housing incentives to (1) respond to the current residents of the area’s housing needs, (2) preserve the historic heritage of the area and (3) stop the residents’ exodus. In addition, the “Programa de Repoblamiento” utilized municipal funds to invest in new housing production for people of different income levels.

Both programs are managed by the public-private corporation “*Corporación para el Desarrollo de Santiago*” (Cordesán) (Corporation for Santiago Development), within its department of housing. Since 1991, Santiago’s municipality put these programs into practice as a response to the demands generated by citizen participation, its ‘open *cabildos*’ (open public meetings) and the *allegados*<sup>6</sup> committees.

The program for new housing established a subsidy for urban renovation by designating housing options with different subsidies according to different target income levels. This demand-side subsidy could be used to purchase market-rate housing; it was directed towards low income first-time homeowners and its application process was done

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<sup>5</sup> FLACSO, (no year). <http://www.flacso.org.ec/docs/sfdesculcontrucci.pdf>

<sup>6</sup> *Allegados* are a group of people or individuals that share housing with king.

through the ministry of housing. The policy established the need to develop housing for different types of income levels, using values adjusted for inflation called “UF” (Valores de Unidad de Fomento<sup>7</sup>): housing for the low and very low income was 500 U.F. or below, housing for the middle income was from 500 UF to 1000 UF, and housing for the upper middle income sector was from 1000 to 2000 UF. Housing for the higher income groups was included in the policy because at first the private housing market did not see the center as a place to be developed and therefore the municipality started the program to help private market see the real demand for housing. The program also hoped to accomplish the goal of bringing residents of all different income levels back to the *Comuna*.

According to Contrucci, the middle and upper middle income groups are the groups that are mainly attended to by the program (1999). It is based on a “Bolsa de Demanda”, which is a system that registers interested families that are able to buy new housing at an average of 900 UF. The system helps to assist and prepare households to apply for the government subsidy and bank financing and to receive training about community living. It keeps a record of the applicants’ savings and when they have enough they jump to the list of customers that are ready for purchase. In 1993 the system had 1,500 interested families and the data gathered from them helped inform the design of how the program was going to work during the following years, especially in terms of subsidy calculation, which had special regulations for the historic area.

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<sup>7</sup> UF according to Contrucci is a fictitious number used in the financing market of Chile and in particular in real estate market. The current value to the article’s data was \$14, 950 or approximately US \$33.

The part of program with the goal of improving existing housing is focused on about 8,000 housing units that are in poor condition and need to be rehabilitated. Fifty percent of them are inhabited by their owners. These units belong to a type of housing built during the beginning of the 20th Century, a collective housing design called *Cités*. This part of the program is called 'ReHa' and helps to provide government and private financing to families that normally are not eligible for credit. With the Corporation of Santiago as a cosigner, owners can develop rehabilitation processes with technical assistance and municipal management (contracting and assisting construction process).

The Chilean experience combines policies for both existing and new housing in the historic area. The combination of approaches allows the program to serve a broader target population with a range of different needs. Also, it allows the participation of different scales of involvement beginning with the national government, which also has the responsibility to guarantee good housing for the population, and also including municipal public-private partnerships and private developers. The programs have generated a good urban development synergy to rehabilitate the *Comuna* area; the fact that it is bringing residents back is proved by the enormous change in the urban environment and increased number of building permits (Valenzuela, 2004). In 1990 the building permits for housing purposes represented only 10 percent of the construction activity, by 1996 they had increased to 60 percent of total construction activity in the area. The program's most innovative idea is the creation of a "Bolsa de demanda," allowing public and private housing developers to gauge the size of the population interested in living in the area and its level of income.



***Housing rehabilitation, Pilot program; Cuzco***  
*Social Strategic Planning for Urban Rehabilitation*

In 1995, a consulting agency called the “Guaman Poma de Ayala Center” developed a new urban “cadastre” or property registration system in GIS format for the municipality of Cuzco. During the same consultancy, the Center collected more information about housing and habitability conditions in order to have enough information to develop the proposed rehabilitation projects. Building on this planning background and using the previously collected information, in the year 2000 the Center developed a pilot project to rehabilitate an entire block.

To identify the block to be rehabilitated (manzana 127), the Center developed a detailed diagnostic through GIS analysis using data about land use and tenure as well as about overcrowding conditions, sanitation conditions and housing conditions. With the GIS information, it was possible to identify that specific block as one of the blocks with the worst conditions in terms of habitability in the whole city. With that data, the pilot project team went to meet with the owners and after some time the owners agreed to participate at a level of 40 percent of the capital investment needed to rehabilitate the housing. The participation of the property owners was a prerequisite for cooperation of the Spanish Junta de Andalucía, which planned to fund the other 60 percent of the project (Centro Guaman Poma de Ayala, 2005: 52)

The conceptual ideas behind housing rehabilitation were not only ideas of conservation of the patrimonial structures but also ideas of the conservation of the traditional uses of urban spaces and places where its multiple users encounter each other, especially all those sectors that live in the area and those who could not find places to live

other than in the deteriorated historic houses (Centro Guaman Poma de Ayala, 2005). The pilot program assumed that one of the main problems was “the uncontrolled growth of economic activities generated by the tourism” which is changing land uses and transforming the urban fabric (Centro Guaman Poma de Ayala, 2005: 8).

The pilot program assumed urban rehabilitation as a planning strategy that “revalorizes or improves the quality of the current urban fabric” (Centro Guaman Poma de Ayala, 2005: 8), which means taking into consideration not only the physical aspects of the urban layout but also social conditions and the local economy, in order to preserve the current vitality and culture of the center (Centro Guaman Poma de Ayala, 2005: 11)

Block 127 had a total of 13 parcels with 22 different property owners. Of these, just 17 of the owners agreed to participate in the first phase of the project. As part of its ideas for sustainable urban rehabilitation, the program’s managers were to help the residents to get organized with a legal base in order to be able to participate as a unified actor, facilitating the project administration relationship with the public sector. This process was the first phase of the rehabilitation process. The second phase was the actual physical intervention, based on the information generated in the previous work with the residents’ organization. The project was launched when the inter-institutional agreement was signed with the Junta de Andalucía, and the architectonic projects began to be developed together with the residents, after a hundred meetings between the residents and the planning agencies. (Centro Guaman Poma de Ayala, 2005: 68)

During the second phase of the program the manager encountered a number of limitations. One of them was the inability of all 17 owners to produce their 40 percent of the investment. In order to continue with the construction process, the management office

decided to intervene on an individual basis, considering the situation of each property. This was also helpful for accomplishing the project goals with respect to international cooperation. It was also thought to be the easiest way to manage architectonic rehabilitation projects with respect to each individual family. The housing design processes attempted to taken into account the resident families, although in practice the construction process within each family residence was sometimes difficult to handle in the case of this pilot program. In the end the project benefited 50 families for a total of 302 inhabitants. (Centro Guaman Poma de Ayala, 2005: 72).

### ***Conclusion and Follow up***

This report is focused on promising policies for housing in Quito's Historic Center.. The programs reviewed above help us to understand the differences in approach that municipalities can develop to address housing needs with new or existing renovated housing in historic central areas.

The study of these four examples sets up a background from which to contextualize the following report and also sets up commonalities of housing needs in historic centers around the region. It was important to understand, through these case studies, what proved to be important for different municipal governments in how they addressed housing problems and to what extent they are still working and implementing housing programs in the central areas of their respective cities.

The cases of Mexico City and Buenos Aires are good examples of how housing needs became evident after emergencies such as the Mexico City earthquake and highly deteriorated buildings in central areas of Buenos Aires. Both are also good examples of

renter activism where renters organized to demand housing rights which were finally included in the programs' policies and strategies.

The case of the *Comuna* of Santiago, Chile is the only program mentioned that is currently an ongoing process. The public-private corporation Cordesan followed specific policy guidelines to approach housing needs for target sectors of the population. Also, in both of the programs that Cordesan manages the national government is involved with the special subsidy program for new housing in the historic area; this strategy provides key financing and sustainability components for the program. However, housing opportunities for very low income residents are limited to the old and renovated housing stock. For this reason the new housing constructed and the policy that accompanied it did not improve the housing access of the very low income population.

The case of el Cuzco, Peru is a good example of a systematic approach based on an organized geographic information system of the land uses and housing quality of the area. The system allowed the municipality to identify the block that was going to be rehabilitated with the cooperation of the Junta de Andalucía. The problem with this policy is that it relies on continued outside funding in order to continue with renovation and rehabilitation of other blocks and to avoid the "pilot program scale." Similar problems arose in some of the housing programs that Quito developed with the Junta de Andalucía.

Other Latin American cases were analyzed in order to complement the information about and local experiences of Quito. In the following section I will describe the field work and literature review process developed in order to evaluate local housing programs in Quito.

## **1.2 RESEARCH METHODS OF DATA COLLECTION**

### **Field Work**

During the summer of 2007 municipal officials agreed to facilitate my research, providing access to information and logistical support for the fieldwork stage of the project. I had an office space in the department of studies and information where scholars from different countries arrive to do research about Quito. With the objective of beginning to understand the scope of the analysis I should develop, my methodology during the summer consisted of (1) a stage of archival research, and (2) a stage of field observation and interviews with different stakeholders involved with housing issues. Each of the different institutions and organisms involved in the Historic Center of Quito has its own documentation center holding unpublished reports with valuable information about housing programs, such as documentation about planning objectives, resources, policies, and some financial information, as well as demographic information on beneficiaries' incomes, on the planned density for areas of intervention, etc.

The first step in my research was to collect and analyze the available primary archival documentation about the strategic housing programs in the Historic Center of Quito. These documents allowed me to determine what information and what published documents were available about the different programs. Other information was recorded in letters and internal reports (such as socio-economic analysis of the beneficiaries). For this phase it was necessary to spend a number of weeks frequenting the municipal buildings that are located in the Historic Center to search through the data in their archives, which are in varying states of disorganization. Sometimes I collected

information from one program or another without any specific order because I was not able to foresee what I was going to find or from what year it would date.

After a first search of bibliographic sources available in the Documentation Center of the Planning Department and through talking with city planners I confirmed the fact that there is no comprehensive analysis or previous evaluation of previous strategic housing programs (see Table 1.3.1). There is one thesis about the economic benefits that the *Vivienda Solidaria* Program produced for the Historic Center's land and housing market, and I found just a few published reports that were more focused on the architectural concepts of the housing rehabilitation than on the actual management and application of housing policies (FONSAL publications).

Table 1.2.1. List of Strategic Housing Programs

<b>Housing Programs Developed in the Historic Center of Quito</b>		
<b>Year</b>	<b>Strategic Projects</b>	<b>Agencies Involved</b>
1989 - 2000	<i>House of the Seven Patios</i>	DMQ-FONSAL-Junta de Andalucía
1998 - 2000	FONREVIV	DMQ- <i>Unidad de Vivienda</i>
1995 - 1997	San Roque and La Victoria Condominium Buildings	FONSAL
1995 - 2003	Casa Ponce and El Penalillo	<i>Unidad de Vivienda</i> - Junta de Andalucía
1997 - 2003	<i>Vivienda Solidaria</i>	ECH-IDB-MIDUVI-BEV-Pact_Arim
1994 - 2007	Caldas 508	ECH-Pact_Arim
2004 - now	Camino Real, Casa Pontón	INNOVAR.UIO
2003 - now	<i>Pon a Punto tu Casa</i>	QUITOVIVIENDA-Junta de Andalucía

Consequently, I decided to look for internal archives, seeking old reports, project documents and anything not published but related to the program's management. I developed a list of key documents to guide my search: (1) inter-institutional agreements, (2) reports in which the public-private investment mechanisms were established, (3) policies for sales and unit adjudications, (4) data on the beneficiary population, (5) reports on the social work process done with tenants, (6) inter-institutional correspondence, (7) summaries and reports to the IDB and the Municipality, (8) the *Junta de Andalucía's* Strategic plans, and (9) theses and other student studies developed on these issues.

By the end of this research I had found a series of documents which described the existing and available data that I use to describe and analyze the different housing programs. For readers that would like to know how I found all these documents, Appendix 1 contains the description of the process of going around to the different agencies and the process of looking through their documentation and archival centers.

### **Thematic areas of Analysis**

The part of the research involving literature and document review was developed during the fall of 2007 and the beginning of spring 2008 at UT Austin. The purpose of this section is to explain the rationale behind the collected resources and references included as they relate to the development of an understanding of the different relevant components that I need to consider in order to develop my final analysis and conclusion. The analysis process that I followed was organized into thematic areas such as (1) global

trends of planning towards housing rehabilitation in historic centers, (2) inner city rehabilitation experiences and ideas about sustainable urban approaches for stopping sprawl, and (3) the history of planning in Quito's Historic Center relevant to housing problems and strategies.

To understand the planning context for the housing programs I looked through the extensive literature about the most recent period of policy intervention in historic centers of Latin America (Rojas, 2004, 2006, 2007; Rojas, and Castro, 1999; Scarpaci, 1999, 2005); and sometimes in other parts of the world (Ahmed, 2002; Blanc and Lessard and (ed) 2003; Bromley and Jones, 1995). I chose to look for literature that discusses ideas of historic center rehabilitation policies specifically to understand their evolution and how they approach the housing problem (Alvarez, 2006; Martinez, 1996).

Some regional scholars tend to focus their research on the conservation aspect of historic center rehabilitation, but there are a number of examples of research done on historic center rehabilitation with an urban redevelopment approach similar to those used in other parts of the world to tackle inner city problems (Ward, 1993; Zaaier, 1991; Bromley and Jones, 1996). I extract from this literature review some examples of housing policies and programs implemented in other Latin American historic centers such as the ones in Mexico City, Puebla, Buenos Aires, Santiago, and Cuzco (Contrucci, 1999; Cullen-Cheung, 2005; Estrada, 2005; Valenzuela, 2004; Middleton, 2003; Pantoja, 2002; Peniche, 2004; Martinez, 1996; Pérez Mendoza (editores) 2003; Carrion, 1990, 2000, 2007).

The thematic area about inner city redevelopment (Middleton, 2003; Rakodi, 1995) takes into account some examples and trends from current urban renewal efforts in US



and European downtowns as a strategy for sustainable development to encourage higher density within cities in order to stop sprawl (Bromley and Jones, 1996; Wagner and others (ed), 2005 ). This review was done with the purpose of learning what kind of arguments we can make when applying the concept of sustainability to urban rehabilitation and when thinking about the role of housing policy within the strategies implemented to guarantee housing affordability access (Azuela, 1987; Apgar, 2007; De la Torre, Gozzi and Schmukler, 2006).

The next theme, analysis of population demographics and of the Historic Center's housing stock in Quito, was done through compilation of information from the Census from 1990 and 2001 available on the Quito Municipality web page, and from other surveys and studies done by the Historic Center Corporation (ECH), as well as academic research on the topic (Bromley and Jones, 1995; Andrade, 1991, Coulomb, 1989).

The department of information and studies of the Metropolitan District assisted me in developing GIS maps of some of the data from the census. With respect to the validity of these maps I have to mention that department's technicians notified me that there is some error with the geo references between barrio codes from the census (like the US census tract number) and the actual spatial location; they said that data is geo referenced to one parcel to the left of the correct location.<sup>8</sup>

I also reviewed the different comprehensive plans implemented for the Quito Metropolitan area. I review all of the comprehensive plans since 1942, examining the Historic Center's role within planning approaches to solving city problems or building

future visions. I found that the Historic Center of Quito has been a concern since the first 1942 comprehensive plan. Since then, the area was already considered a historical part of the city because by that moment the Quito elite had already migrated to the peripheries and populations from other parts of Ecuador had immigrated to the Center. The focus of this literature review section is to understand how long and in what ways the municipality has historically tried to solve habitability problems in the center. For this research I considered housing as one of the troubled urban components playing a role in general habitability problems and I investigated each plan looking specifically at the housing component.

### **1.3. CONCLUSION**

The following report will argue that, to be successful, planning for the rehabilitation of the Historic Center of Quito must address real housing needs while comprehensively improving urban conditions. At the moment, there is one program in practice and the analysis of it (chapter 5) shows that it is not addressing resident population needs, at least not the needs of the bulk of residents. According to research developed during the summer 2007, this program only considers the conservation of the historic house, and the improvement of physical housing quality. What would be a genuine housing policy for the historic center that can help improve the current program to enhance its benefits and also to diversify the approach?, What are the most promising policies for increasing and stabilizing residential use and the actual resident population?

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<sup>8</sup> For this reason I modify some of the maps because I am familiar with the Historic Center of Quito and can tell that a park or certain monument is not a multifamily building. That does not mean that I can fix the

The previous analysis demonstrated that plans for the problems of historic centers' in the region are comparable and suggest that global trends exist, such as the ideas for redevelopment of inner cities as a sustainable strategy for growth management. In planning for historic centers as inner cities (Ward, 1993), planning strategies are again similar because historic centers' population characteristics are comparable.

If other historic centers have similar urban problems to those in Quito, I asked what kind of policies other historic centers in the region implemented or are implementing that might help to understand Quito's case. I found several examples, but I had to choose only those I knew to be comparable to Quito, specially the ones that had tenants involved. The examples of Mexico City, Buenos Aires, Cuzco, and Santiago to some extent feature policies and programs similar to those implemented in Quito over the last decades.

Considering the experiences of these programs helps both to frame a methodology with which to evaluate Quito's programs and to demonstrate that the housing component in other historic centers is an important element for urban rehabilitation in which the low income population, the characteristic population of these areas, was considered. The four examples provide lessons from their planning processes, their targeted income groups and their management strategies which are important in the formulation of the research questions considered in this report.

In 1985 the historic center of Mexico City was declared an 'emergency area' to be able to put into action the combined local and federal planning strategy that helped the renters' organization to become homeowners of renovated units. In 1984, another renters' organization from Buenos Aires was able to ensure their right to own one of the housing units on which they once live in a context of neighborhood rehabilitation in the central area.

Since 1991, Santiago implemented a program with broader objectives. The program does not focused on the rehabilitation on specific units but in a more comprehensive approach based on new neoliberal planning ideas. They created the public-private partnership CORDESAN to be the responsible agency to manage the programs for the repopulation of the historic center. The set of housing programs tackle different housing markets and needs with the participation of private developers. It combines local and national resources to give subsidies and incentives to generate the rehabilitation synergy in the *Comuna* area or Santiago's center. Even though the downside of these programs is that low income housing receives the least attention, it is valuable to look at it as an example of a sustainable policy that is in practice since 1991.

The last case study is from 2000 and it is about the renovation of a block in the historic center of Cuzco in 2000. Program managers encounter difficulties in dealing with the 17 different economic conditions of owners that were asked to participate in the rehabilitation of the selected block. Different from the organized renters of Mexico City and Buenos Aires, these owners did not felt their property rights threaten. Property owners of the 127 block suddenly found themselves involved with the municipal

program. The public agency drove them to get organized with other property owners of the block and to invest in the rehabilitation of their properties.

Why are housing programs and planning strategies so similar to what happened in Quito during those days? From 1990s onward the Historic Center of Quito, like other places around Latin America, began a rehabilitation process aimed at improving the urban environment. Urban strategies have been applied following comprehensive rehabilitation goals which were motivated both by the UNESCO designation of world heritage status and by the need to rehabilitate the central area and integrate it into the metropolitan city.

The UNESCO recognition increased support for policies towards historic preservation, especially of historic monuments in their role as important icons of a cultural history. The newly-renovated monuments and the lively, bustling environment of the Historic Center became the first attraction that brought tourists into the neighborhood. As they traveled around the region tourists have recognized the cultural heritage that the Latin American centers have preserved through the passage of time up to the modern years, and they have made historic centers important stops on their itineraries.

The idea of improving the condition of historic centers with the goal of attracting tourism became possible because, in the case of Quito, its unique monuments and urban layout are an evident source of economic activity for the city's benefit. As this report will further describe in the following chapters, comprehensive plans in Quito recognize the economic value of the center and its role in the metropolitan area. In historic centers around Latin America similar ideas are supporting programs aimed at improving the tourist industry, and through these processes global trends in ideas of urban renewal in

historic centers also started to be introduced (Scarpacci, 2005; Carrión 2007; Milan, 2003). But in the meantime in Quito the housing component within comprehensive rehabilitation planning remains secondary even though it is known that housing rehabilitation is an important element to guarantee a livable center that is attractive for tourists. Other examples of housing programs in the cases of different historic centers around Latin America are useful for understanding how global ideas for urban rehabilitation in historic centers are also influencing housing programs.

What are the most promising policies for increasing residential use and stabilizing the current resident population of the center? How can the city achieve the housing goals stated in their comprehensive plans? Building on this background of international global trends and examples of individual programs, the next chapters will focus on a detailed study of the case of Quito. The following sections continue with the study of the city's demographics and its current plans and policies. Later, it continues with a study of past and current housing programs, concluding with a set of recommendations for the formulation and improvement of policy and directions for follow-up research.

## Chapter 2: Urban Development Conditions and Planning



Quito's Historic Center corresponds to the main urban core of the now greatly-expanded metropolitan city. Inhabited since the pre-Inca period, it has been a center of government since Colonial times and today remains the seat of the national government. The total area of the historic district is 375 hectares with a total population of 50,982. In comparison with the rest of the city, population density in the area is relatively high and corresponds to 135 habitants per hectare (see Table 2.1.1).

The following chapter will first examine the Historic Center's demographics and urban trends: Who lives there, what are the conditions of the housing stock and what are current land uses? Second, this chapter will explore whether and how the previous and

current policies and plans recognized that there is a housing problem in the Center, what policies they proposed and what policies have actually been implemented.

Table 2.1 Quito Demographic Data

Quito Demography					
	Area (Ha*)	%	Population	%	Population Density (Hab./Ha.)
Metropolitan Area	425,532		1,842,201		4.33
City of Quito	19,135	4.50%	1,397,698	75.87%	73.04
Central Administrative Zone**	2,362	0.56%	277,233	15.05%	117.37
Historic Center	375	0.09%	50,982	2.77%	135.95
* One Hectares= 2.47 Acres ; ** Administración Centro Manuela Saenz ; Source: DMQ-MDMQ, Censo de Población y Vivienda 2001					

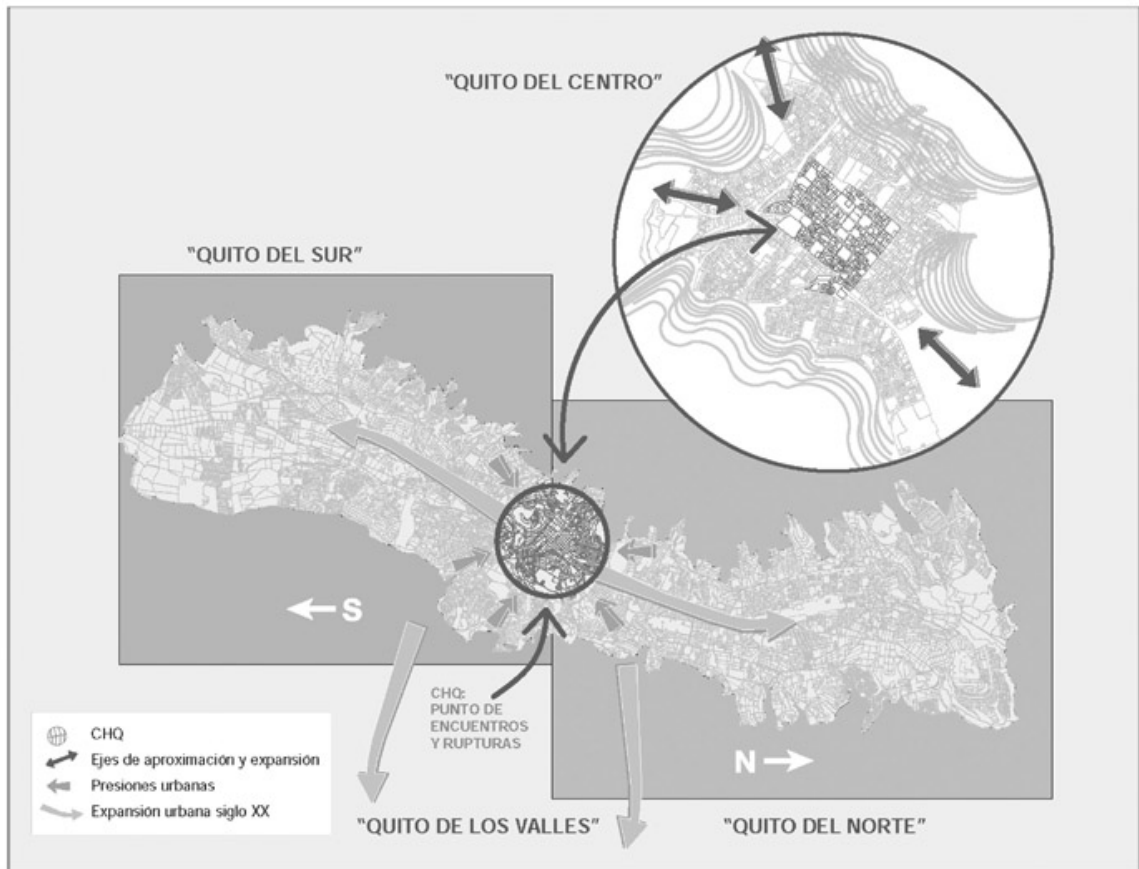
The pattern of urbanization experienced by Latin American cities during the 20<sup>th</sup> century, characterized by rapid expansion in the peripheries (see Figure 1), attracted research and urban intervention in areas where cities were expanding (Carrión, 2007; Ward, 1993). However, by the end of the 1980's and the beginning of 1990's, neoliberal and global ideas for urban intervention switched the focus back to the built city, specifically to the inner city and downtown redevelopment.

In the case of Quito, this redevelopment would take place in its historic center as a key part of the municipality's agenda, encouraged by the process of globalization in which historic centers came to be seen as important areas because of their central location and unique history. The central city was converted into a strategic and fundamental platform for the city's local integration and for its integration into the global city as well. (Carrión 2007 p.28, referring Castells, 1997; Sassen 1999 ) (Figure 1). Its special role in



the metropolitan city is because of its characteristics of stored cultural history and popular activities for people from around the city. And after urban rehabilitation, these areas will be a greater part of the global cultural tourism industry.

Figure 1: Historic Center of Quito Location Map



Source: PE-CHQ, 2003. DMQ p: 13

Global ideas to redevelop historic centers or inner city areas are sometimes carefully developed in order to protect the current urban fabric. In the case of Quito, the comprehensive rehabilitation programs in some respects do care about the social component of its inhabitants. The municipality develops, for example, social assistance

programs to reinforce local traditional business<sup>9</sup>. But on the other hand, rehabilitation programs like housing rehabilitation and construction are implemented with little reference to the benefit of the current low income residents. The following section will examine the demographics of the Historic Center to learn about the social and economic context urban in which rehabilitation is taking place.

## **2.1 LAND, HOUSING AND DEMOGRAPHIC REVIEW**

The goal of analyzing the Historic Center's land, housing and population data is to understand the social and economic context in which housing rehabilitation is happening. In order to respond to the research questions of this report, it is necessary to know who lives in the Center, how the current housing stock is configured and how land use is organized.

The congested Historic Center of Quito is currently subject to urban development policies aimed at rehabilitating the Center's conditions of centrality and of habitability, but also at reestablishing some of the upscale spaces that existed when the Ecuadorian elites once lived there. Not too long ago during the urban disequilibrium of the 70's caused by rapid population growth and residents' mobilization from the city core to the peripheries, the Center's services became increasingly fragmented and the area began to feel cramped with commercial uses that were taking over the streets. At the same time houses were changing from their earlier architectural function as single family dwellings with servants to overcrowded *conventillos*. Storage spaces and single rented rooms

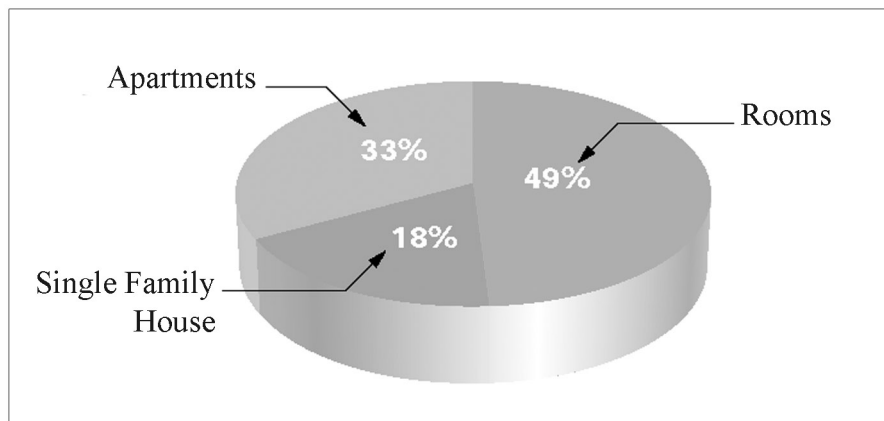
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<sup>9</sup> These programs for social development are commonly responsibility of the Municipal Local Administrative Zone Manuela Saenz.

became the most common form of occupation of the colonial houses<sup>10</sup>, while the elite class left this magnificent urban area to the middle and low income working classes.

The Historic Center's housing stock consists of 18,772 housing units which are occupied by an average of 2.67 habitants per household. In 2001, 49 percent of the units were single rooms, 33 percent were apartments and 18 percent were full houses<sup>11</sup> (Figure 2). These types of housing and occupation of the neighborhood are reflected in population density data that can be mapped by neighborhood. The Historic Center of Quito has fourteen separate administrative neighborhoods and each of those have different population density. (Figure 3 and 4).

Figure 2: Historic Center Housing Type

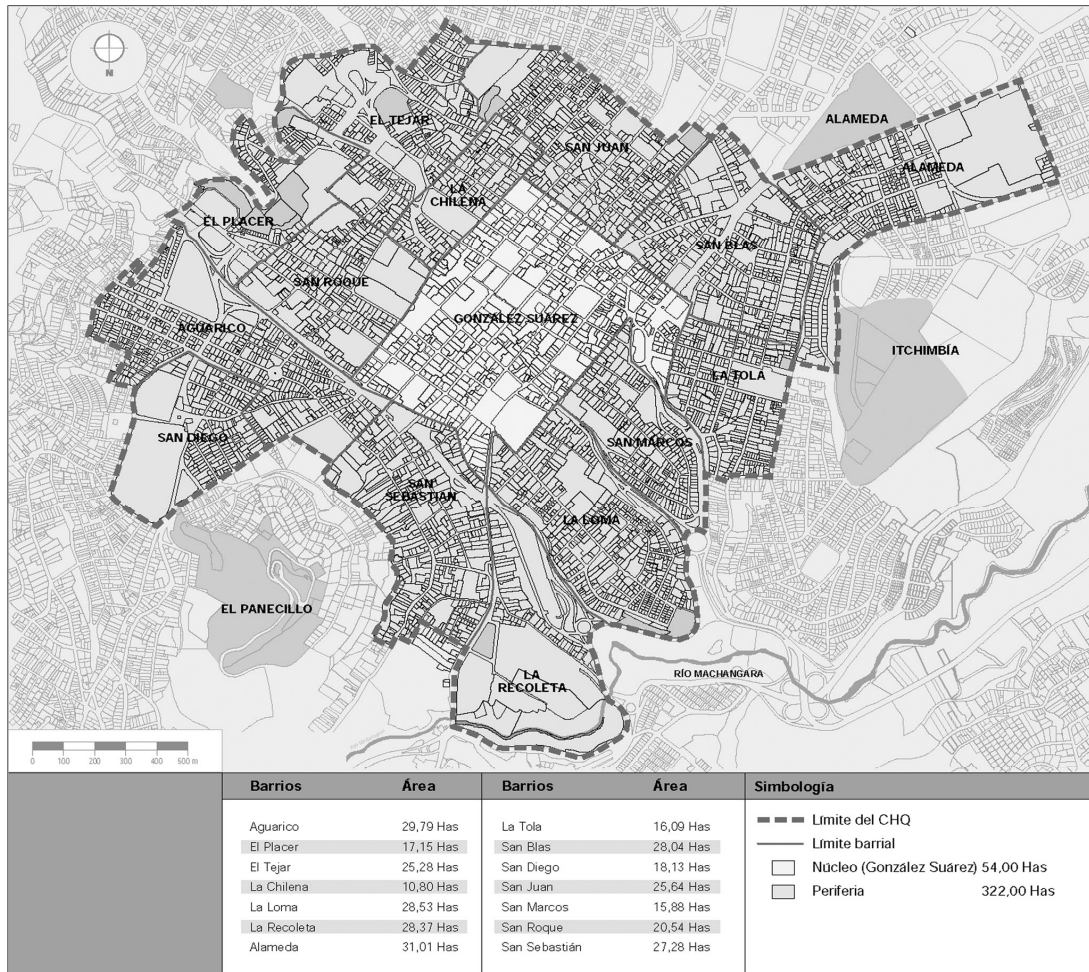


Source: PE-CHQ, 2003. DMQ p: 32

<sup>10</sup> Protected historic houses date from the colonial period, but some also date to the early republican period.

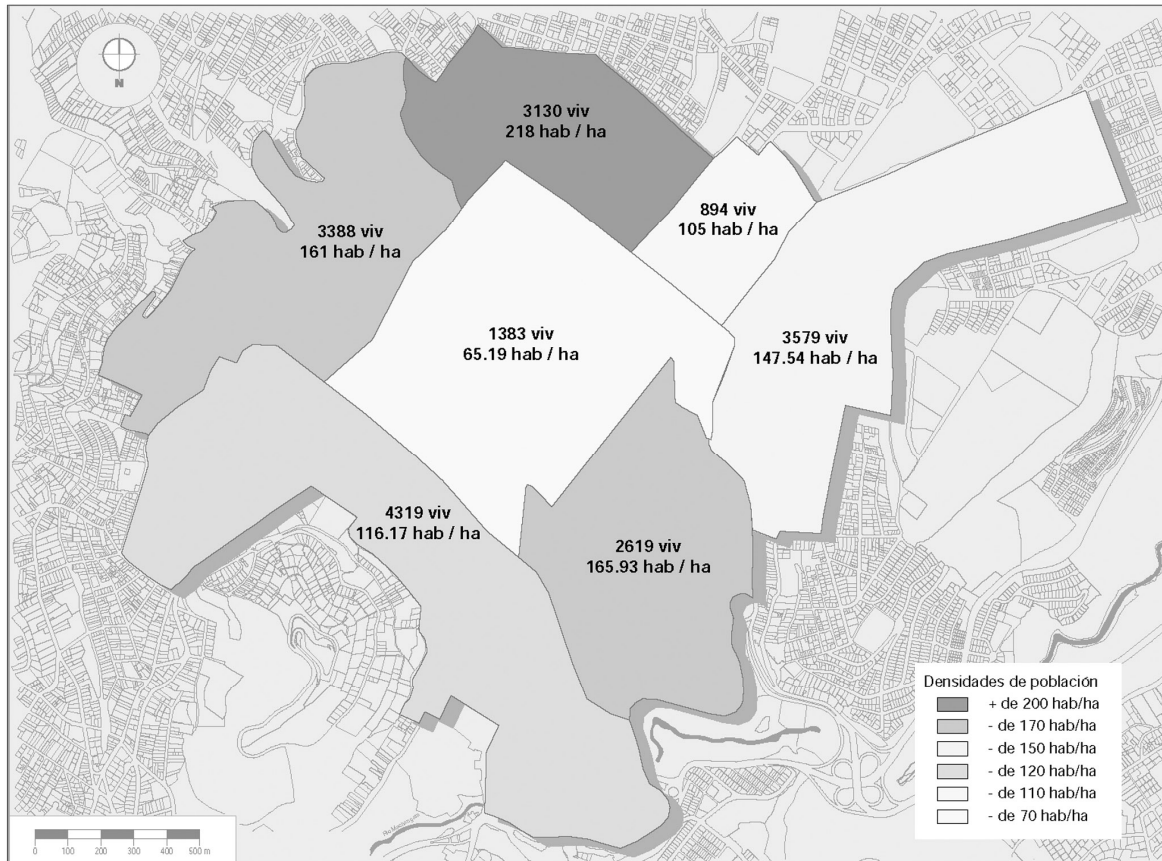
<sup>11</sup> Censo de Población y Vivienda 2001.

Figure 3: Historic Center Neighborhoods



Source: PE-CHQ, 2003. DMQ p: 24

Figure 4: Map of Historic Center Neighborhoods Densities



Source: PE-CHQ, 2003. DMQ p: 31

As a result of singular periods of urban transformation, the Historic Center's population now represents one of the parishes with the highest concentration of indigenous people in the entire metropolitan area, many of whom migrated from rural areas during the 70's to fill the spaces left open by the fleeing upper class. Data from the 2001 national census claim that 3.3 percent of the metropolitan area's population is

indigenous. But only in the Historic Center parish<sup>12</sup>, indigenous people represent 8.2 percent of the population; the highest percentage among parishes in the city<sup>13</sup>. While many recent migrants live in the area, especially students from other provinces that find cheap rooms in the Historic Center, the majority of families have been well established in the area for many years. Data from homeowners show that on average they acquired their homes 22 years ago and 88.8 percent of continue to live in those houses. There is no data available on mobility rates in rental units.

Another important group of residents in the historic center is the population that receives the voucher for human development (welfare payments) that the government gives to the poorest sector of the population. According to the data provided by the Ministry of Human and Economic Development, in the Historic Center area there is a total population of 2,564 people who are receiving the vouchers and live in neighborhoods such as San Blas, San Marcos, San Roque, San Sebastian (See Table 2.1.2). The recipients of vouchers are single mothers, elderly and people with disabilities. It is interesting to note that 86 percent of the voucher recipients have some kind of disability. This information provides an account of who some of the very poor people that live in the historic center are, and it leads to questions about what kind of housing they are these people occupying, whether or not they are renting and how much they pay. Are the housing units that people with disabilities occupy adequate for their needs?

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<sup>12</sup> The Historic Center parish belongs to one of the nine different Administrative Zones (Administraciones Zonales) of the Metropolitan District of Quito. The total percentage of indigenous people in the Center Administrative Zone “Manuela Saez” is 5 percent, still high when compared with other parts of the city. Data Source: [http://www4.quito.gov.ec/mapas/indicadores/etnia\\_discapacida.htm](http://www4.quito.gov.ec/mapas/indicadores/etnia_discapacida.htm)

<sup>13</sup> Other parishes like Guamani or Calderon are other areas with recognized indigenous populations.

The Historic Center of Quito is a ‘*popular*’ (low income) urban space, featuring activities that do not often attract high end commercial activities. As Scarpaci (2005) has mentioned, Latin American historic centers are frequently places with cheap housing and affordable commercial services and products. Lots of lower and middle class people visit these areas everyday on different administrative, commercial or personal errands, and together with tourists form the bulk of the crowd on the streets. The municipality of Quito has calculated that almost 200,000 people use the Historic Center during the day. That means that there is intensive activity during the day and relatively minimal activity during the night, especially in the areas where residential land uses are not representative. (Figure 5)

Table 2.1.1: Population holders of Vouchers in the HCQ.

<b>Population holders of Voucher for Human Development, CHQ, 2007</b>				
<b>Historic Center Neighborhoods</b>	<b>Single Mothers</b>	<b>Elderly</b>	<b>Disable</b>	<b>Total</b>
San Blas	87	8	593	688
San Marcos	18	5	142	165
San Roque	165	15	1,170	1,350
San Sebastian	49	4	308	361
<b>Total</b>	<b>319</b>	<b>32</b>	<b>2,213</b>	<b>2,564</b>

Source: Ministerio de Bienestar Social del Ecuador,

While at the beginning of the 20<sup>th</sup> Century the Historic Center comprised practically all of Quito, by the end of the 20th Century it comprised just 2 percent of the

urban area and held 5 percent of the city's population (Rojas, 2004). Residential use had decreased to 45 percent while the mean of the whole city was 75 percent. However, as the land use map (Figure 5) can demonstrate, residential use is still an important type of land use and a major function for the area. The main core of the Center, called the '*nucleo*' of the Historic Center, is the area where most of the monuments stand and where most service activities take place. This area is the most visited by local and international tourists and is the area that receives the majority of the activity during the day. Its residential density is 65.19 hab./ha; with 1383 housing units, which is the lowest share of housing in the whole Historic Center (see Figure 4). Land prices in this nucleus tend to be higher than in other parts of the historic center, but not as high as in other parts of the city. This can be demonstrated by looking at the appraisal map that the Municipality of Quito uses to calculate property taxes by looking at homogeneous areas.

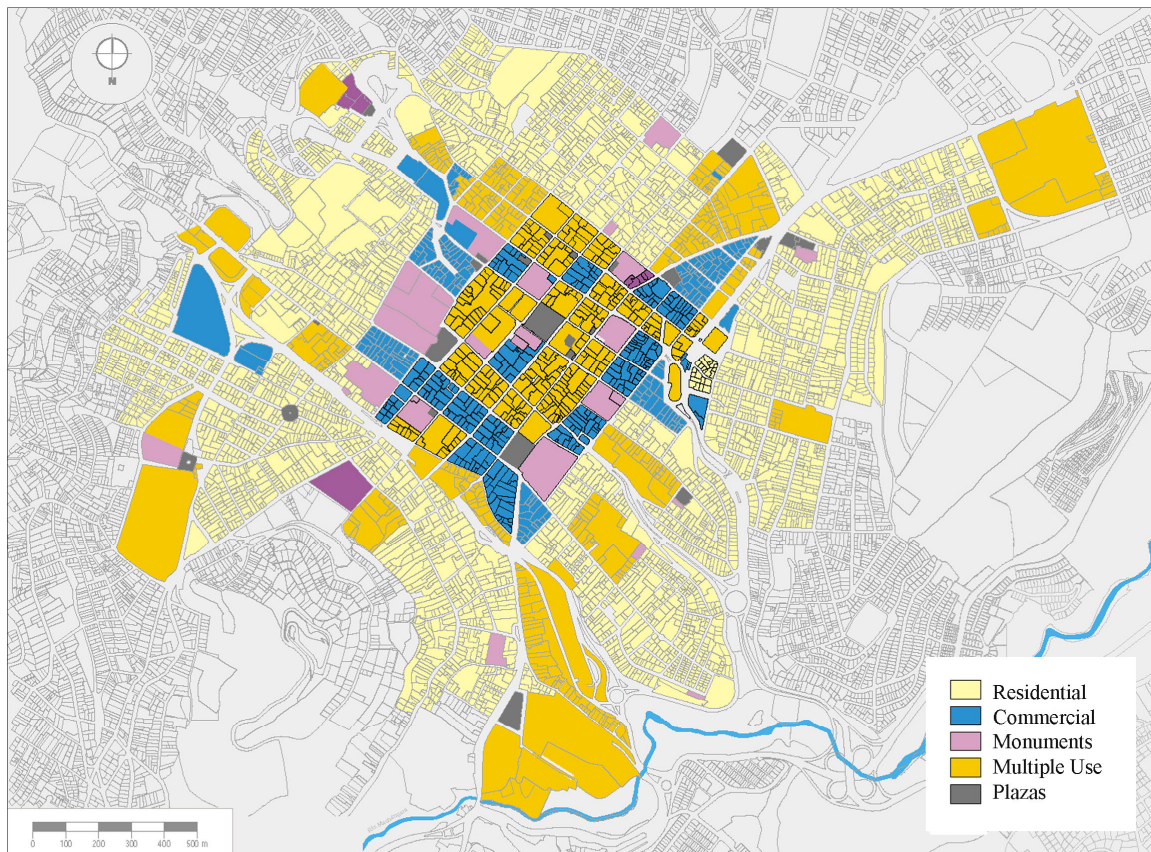
Quito's Ordinance 150 created a system to calculate property taxes in accordance with a map of homogeneous areas (Figure 6). The ordinance divided the city into nine different groups of homogenous areas where most properties in each area had similar appraisal values. The value of the land plus the value of the built structures make up the total appraisal of the parcel. The Historic Center's nucleus is ranked at three on a scale of nine land value levels, level one being the most expensive; the land is valued at \$85 to \$102 per square meter, the same price as in the more upscale northern part of Quito. The most expensive areas in the city are found in the central north part of Quito, around La Carolina Park.

The Historic Center's current residential areas are located in the neighborhoods surrounding the nucleus. These areas ranked at level four (\$50 - \$ 85 m<sup>2</sup>) and level five



(\$24 -\$50 m2) on their pricing scale. Parcels with historic buildings are valued depending on whether the structure is protected either entirely or partially. Land prices and property taxes are not high enough to be a serious discouragement to investment in developing the area and rehabilitating housing units in the Historic Center.

Figure 5: Historic Center Land Uses Trend



Source: PE-CHQ, 2003. DMQ p: 28

Figure 6: Homogeneous Areas and Land Prices

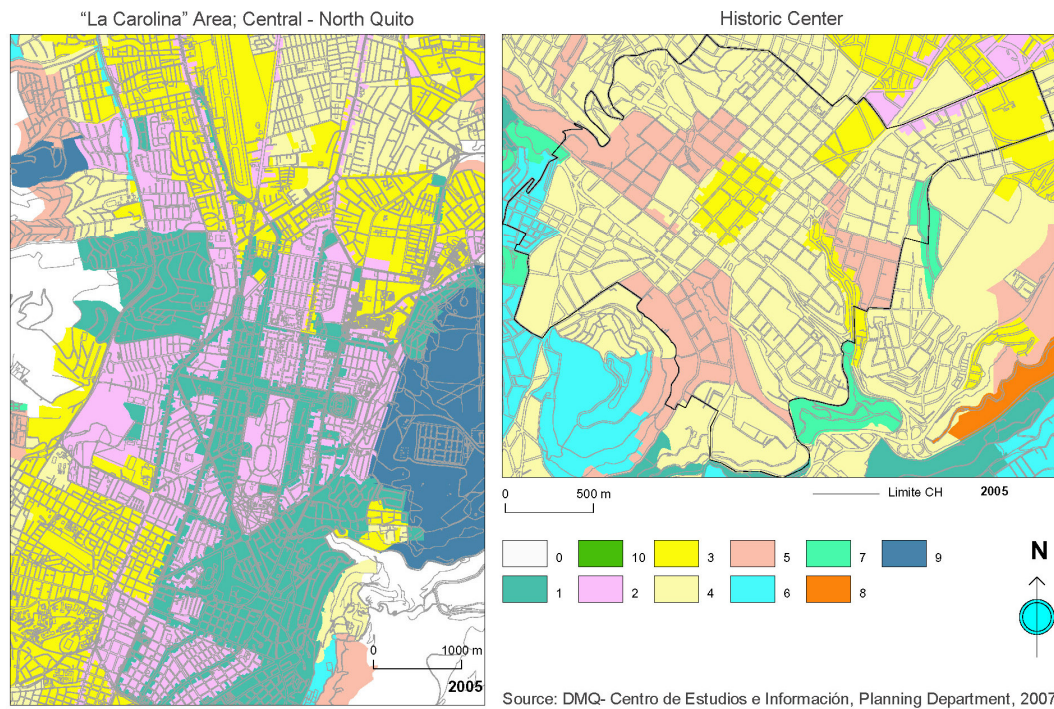


Table 2.1.2: Homogeneous Areas and Land Prices

Homogeneous Areas	
Land Price per sq. meter (dollars)	Ranking
0 hasta 4	9
4 hasta 8	8
8 hasta 16	7
16 hasta 24	6
24 hasta 50	5
50 hasta 85.0	4
85 hasta 102	3
102 hasta 172	2
172 hasta 580	1

Source: DMQ-Centro de Estudios e Información, 2007.

The area of the Historic Center has a total population of 50,982 with a negative growth rate of -1.2. Its median monthly income is \$202.65 when the median for the metropolitan area as a whole is \$355.67<sup>14</sup>. 77.85 percent of the population of the Center is old enough to work, however 60.49 percent of that portion is economically active. According to the 2001 census, 52 percent of the Historic Center households have a monthly salary as their source of income and 48 percent of households have incomes that come from small business or informal jobs.<sup>15</sup> Ecuador's basic legal minimum salary was set by the government at the end of 2007 at \$198.26 dollars. Even though the medium income salary of the Historic Center is higher than the legal minimum, taking into account the cost of a standard basket of goods ("canasta familiar" or "de pobreza"), which was \$322.03 in September of 2007, helps us to understand the poverty level of this area. According to 2001 census data, 21.2 percent of households in are classified as being in conditions of poverty, with 3.2 percent in extreme poverty and a full 80.9 percent at the poverty line.

In terms of housing tenure, 69.97 percent of the households rent a housing unit and 23.95 percent are owner-occupied. The proportion of renters is high in comparison to the metropolitan area as a whole, in which 41.58 percent of the households rent and 49.67 percent are owners.<sup>16</sup>

The area's housing stock (Table 2.2.2., Figures 7 and 8) currently includes 1480 single and bi-family houses, which represent 37 percent of total housing. The rest of the

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<sup>14</sup> Source: Encuesta de Condiciones de Vida 2005-2006 Unidad de Estudios e Investigación; DMPT-MDMQ.

<sup>15</sup> PE-CHQ p: 29

housing stock is made up of a total of 2470 multifamily buildings: 1708 of these buildings house between two and eight households, 588 buildings house between eight and fifteen households, and 84 buildings house more than fifteen households each.<sup>17</sup>

Table 2.1.3: Housing Stock

Housing Stock		
	Number of Buildings	Share
Single Family Houses	1,480	38.34%
Multifamily-house between 2 to 8 households	1,708	44.25%
Multifamily-house between 8 to 15 households	588	15.23%
Multifamily-house more than 15 households	84	2.18%
Total	3,860	
Source: PE-CHQ, 2003.p:32		

Data about demographics, housing stock and land uses inform us about the people that live in the historic center. Data informs about the houses that are in existence and about trends of land uses and land prices. Besides providing this contextual information, the data helps to create the social and urban background on which comprehensive plans are based. The next section will examine the city's comprehensive plans and ordinances by looking at the goals, objectives and strategies that they propose in terms of housing for the city as a whole and specifically for the Historic Center. The national government also has its own housing strategy that will be also analyzed because it was applied a program that was used in some of the housing programs that the municipality put into practice during the years 1999 until 2002.

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<sup>16</sup> Source: Censo de Población y Vivienda, 2001 ; INEC Unidad de Estudios e Investigación; DMPT-MDMQ

<sup>17</sup> PE-CHQ, 2003. p. 30



Figure 7: “Caldas 508”, Multifamily building



House “Caldas 508”, rehabilitated in 1994 (Pilot project DMQ-Pact-Arim). Number of housing units:15

Figure 8: Benalcazar Street Multifamily Buildings



Multifamily Housing at Benalcazar Street. Some buildings are historic; other ones date from 1970s-1980s

The area's housing conditions are not really critical, as 75.93 percent of the housing units are in 'regular' or 'good condition'; 11.47 percent of the housing stock is in 'bad condition' and 12.6 percent is in 'very bad condition'. The two last categories sum a total of 24 percent of the housing stock, which corresponds to 970 housing units.<sup>18</sup> In 2000, 71 percent of households had a private bathroom inside the housing unit and 29 percent had a bathroom outside the housing unit. Of the last group, 20 percent of those external bathroom facilities were shared with other households in the historical arrangement of the multifamily house.

Table 2.1.4 : Housing Condition

Housing Condition		
	Number of Buildings	Share
Buildings in bad and very bad condition	393	7.71%
Building in regular condition	4,453	87.31%
Buildings is good condition	254	4.98%
Total	5,100	
Source: PE-CHQ, 2003.p:32		

## 2.2 PLANS AND POLICY

Global trends are evident as a major factor that has influenced urban development strategies in the central historic cities of Latin American countries around issues of the promotion of heritage tourism including “the industry of travel that promotes cultural landscapes that hold great historical and symbolic landmarks, monuments and

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<sup>18</sup> Ibid, p:33.

neighborhoods<sup>19</sup>”. It is here that the main point of tension is created: for some, the Historic Center is a place to exploit for its iconic urban qualities and to sell them as cultural heritage to the world – but not necessarily to local people – encouraging urban policies that help set up new high end businesses such as five star hotels and expensive restaurants and boutiques. But on the other side, urban policies encourage the participation of neighborhood residents and economic development with semi-local businesses as part of their housing rehabilitation strategies. How can these two ideas of the Historic Center be promoted at the same time? How can the policy be implemented in a way that helps middle income and lower income people to remain as residents of a Historic Center like that of Quito, that is being transformed towards different and unaffordable ends? How can urban strategies be thought through in such a way as to not reinforce urban inequalities? How can the Municipality with its housing policies help to focus on the real goals stated in the plans, and how can it manage potential contradictions between these goals?

Since this is happening in a global context, when talking about the Historic Center of Quito as a place to develop urban policies it should be possible to discuss reinforcing the vibrancy of neighborhood life according to current global trends that call for denser existing urban areas as a way to control sprawl and create more ‘sustainable’ cities.

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<sup>19</sup> Scarpacci, p.7

As Carrion has explained, the revalorization of the built city goes along with the revalorization of its historical and functional conditions (Carrion, 2007), but it is ambiguous to whether this means its elite colonial history or its more recent function as a residential area for lower income people. In Quito, the residential function of the Historic Center needs to be addressed not just in terms of the people that would like to live there but in terms of the people that already live there: current homeowners and renters. At least that is what the rhetoric of the municipal plans has articulated throughout its planning history. The following is a brief policy history of the Historic Center of Quito reflecting changing priorities on the part of the local government and growing international emphasis in intervention in historic areas.

### **Quito Comprehensive Plans**

In 1941-1945 the ‘Jones Odriozola Plan’ established the Historic Center of Quito as one of the nine functional centers of the new modern city. This plan delimited the area of the Historic Center but did not establish any policies for its preservation. During that period the Center was called “*Quito Colonial*”. This plan set up the new poles for development that stretched far out from the urban core.

In 1967 the ‘Plan de Reordenamiento Urbano de Quito’ <sup>20</sup> the municipality developed the first special plan for the Historic Center inspired by the Venice Letter (Carta de Venecia) of 1964, an international agreement prioritizing historic preservation. In the same period, a pilot plan was put in place with the objective of setting up a model for valorizing Quito’s architectural heritage.



In 1973 the plan called '*Quito y su Area Metropolitana Plan Director 1973-1993*'<sup>21</sup> assigned roles of tourism, service provision and commerce to the Historic Center, but treated its residential role as secondary. The plan did not give any specific norms under which to apply its recommendations, allowing the deterioration and overcrowding of the area to continue. This period coincided with the demographic transformation of the Center from a neighborhood with residents of all class levels to being a mostly homogenously low income area.

In 1978 Quito was declared a World Heritage City by UNESCO, motivating the historic preservation agenda of the newly-created National Institute for Cultural Heritage. During that period monument preservation and restoration became a major part of the development agenda for the historic area, while more comprehensive planning initiatives including infrastructure construction and service expansion were relegated to the rapidly-growing peripheries.

In 1979 concerns for housing rehabilitation in the Historic Center began to surface with a housing inventory with a scope of 23 hectares, including 984 houses. This project was the first attempt to document and catalogue the historic housing stock, but was more aimed towards surveying structures for preservation than for improving housing conditions for residents. In 1980, Quito's master plan continued along these lines, (Plan Quito – Esquema Director)<sup>22</sup> establishing the need to “identify, qualify and make an

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<sup>20</sup> Ordinance 1165, 20-06-67

<sup>21</sup> Ordinance 1353, 04-05-71

<sup>22</sup> Ordinance 2092, 27-02-81

inventory of the zones, groups and monuments that are part of the historical-cultural heritage of Quito and its micro-region”<sup>23</sup>.

Since 1988 planning in Quito has been based on a new ‘regional’ idea of the territory, and the new organizational structure established in the plan of the ‘Quito Metropolitan District’ (1993) ideally is founded on principles such as democracy, participation and decentralization<sup>24</sup>. However, decentralization has been the most evident of these principals in policy implementation. To decentralize the responsibility for the planning and management of historic heritage areas, the new Metropolitan District of Quito created the agency FONSAL<sup>25</sup> (“Fondo de Salvamento”), which was in charge of implementing rehabilitation plans.

In the same context, the Municipality made agreements with the Spanish Agency for International Cooperation (AECI) and the Spanish National Commission of the Fifth Centenary to write the *Plan Maestro de Rehabilitación Integral de las Áreas Históricas de Quito*, approved by ordinance in 1992. Its basic goals are divided into four statements: Urban Adaptation, Environment Upgrade, Social Sustainability and Institutional Reinforcement. Later, the city included the housing aspect as an important macro-project to be developed and to be included in the budget; the loan-granting agency IDB found no objection to such use of the money.<sup>26</sup>

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<sup>23</sup> Ilustre Municipio de Quito, Dirección de Planificación (1980). Plan Quito, Esquema Director. Segunda Edición 1984, Editora Mantilla Hurtado S.A. Quito. P.55

<sup>24</sup> DMQ, Plan Especial Centro Histórico p.21

<sup>25</sup> FONSAL, created by National Congress, Law No. 82 and its funded by a 3 percent tax imposed to the tickets of public shows practiced in the metropolitan area. Quito, June 16<sup>th</sup>, 1989.

<sup>26</sup> Rojas, Eduardo. Principal Housing and Urban Development Specialist in the Inter-American Development Bank’s Sustainable Development Department. Phone interview on October, 2007

In order to finance rehabilitation plans in the context of processes of modernization and privatization, the Municipality created the public-private corporation *Empresa del Centro Histórico* (ECH) as the required managing organism of the 51 million dollars designated for implementing the Program for Integral Rehabilitation, 41 million of which was from an IDB loan<sup>27</sup>. The ECH was a partnership created between the Municipality of Quito and the private Caspicara Foundation.<sup>28</sup>

In 2003 the Municipality together with the cooperation of the Spanish agency Junta de Andalucía elaborated the Special Plan for the Historic Center of Quito that is part of the bigger planning structure mandated by the *Plan General de Desarrollo Territorial* (PGDT, 2001). This is the current plan for urban development and it states that the Municipality has the obligatory responsibility to restore the urban equilibrium of this emblematic area of the Ecuadorian capital. The Historic Center should gradually redefine its land uses as well as its present and future functions. At the same time, urban policies should substantially improve the quality of life of its inhabitants and users<sup>29</sup>. This plan recognizes the Historic Center as an important economic source for the Metropolitan District and for that reason hopes to propose a balance between the conservation of its heritage historical and its cultural identity and between economic development and social equilibrium.<sup>30</sup>

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<sup>27</sup> Loan No.822/OC-EC, October 13<sup>th</sup> 2004. For the Rehabilitation Program of the Historic Center of Quito

<sup>28</sup> This public-private corporation was created as an IDB requirement for loan submission. The IDB considered in that time that because of its inefficiency as a public agency, the municipal government's budget was not the best place to manage the credit. Since then, as Fernando Carrion explains, urban management in the Historic Center of Quito got divided by different stakeholder's entities, managing different funds towards different policies. (Carrión, 2007p. 46)

<sup>29</sup> Plan Especial del Centro Histórico de Quito (PE-CHQ) At: <http://www4.quito.gov.ec/>

<sup>30</sup> PE-CHQ

### *Plan Especial Centro Histórico (PE-CHQ)*

In 2003 the Municipality together with the cooperation of the Spanish agency Junta de Andalucía elaborated the Special Plan for the Historic Center of Quito that is part of the bigger planning structure mandated by the *Plan General de Desarrollo Territorial* (PGDT, 2001). This is the current plan for urban local development and it states that the residential component is one of its key strategic planning approaches together with other areas of emphasis such as culture and economic activity: “*To strengthen the habitation capacity of the CHQ., recuperating the presence of stable residents with the goal of giving them permanent livelihood*” (PE-CHQ,p:63).

The plan mentions that the Municipality has the obligatory responsibility to restore the urban equilibrium of this emblematic area of the Ecuadorian capital. It also states that the Historic Center should gradually redefine its land uses as well as its present and future functions. At the same time, urban policies should substantially improve the quality of life of its inhabitants and users (PE-CHQ,p:62).

This plan recognizes the Historic Center as an important economic source for the Metropolitan District and for that reason hopes to propose a balance between the conservation of its heritage historical and its cultural identity and between economic development and social equilibrium.(PE-CHQ p:22)

In the section enumerating different municipal programs, program number six addresses housing and habitability conditions. Its objective is “*to recuperate the residential function to give the habitability and neighborhood condition back to the diverse sectors of the historic center*” (PE-CHQ p:101). One of the specific projects for housing up-grade is the PPC program, which is currently being implemented and will be

analyzed in the following chapter. Is the program helping “diverse sectors” to have better housing? There are three other projects mentioned in this section with corresponding lists of actions for putting them in practice but none of them have been implemented yet and are not relevant to the PPC program externalities.

### ***Plan General de Desarrollo Territorial*** <sup>31</sup>

This document is the current comprehensive plan (2007) that applies to the whole metropolitan area. It establishes and directs the general development strategies for the Metropolitan District of Quito looking forward to the year 2025. It is based on both the Plan Equinoccio 21 (2004) and the Plan Quito Siglo XX (draft) (2003).

This plan proposes a vision of the future for the city with strong ideas to orient the municipal actions and the actions of different stakeholders as well. The plan basically seeks to motivate citizens to participate in the construction of the city of Quito (Plan Quito: 26). The main vision statement talks about social equilibrium and accessibility, and both are important concepts for housing policy ideas:

*“Territorio ordenado, accesible, y eficiente; socialmente equilibrado y sustentable; con optima calidad ambiental y estética, con su patrimonio histórico recuperado y enriquecido” (PGDT, p:29)*

(Organized territory, accessible and efficient; socially balanced and sustainable; with optimum environment quality and aesthetics, with its historical patrimony recuperated and enriched)

Within the strategic objectives that the Plan Equinoccio 21 proposed there is one specific objective that concerns about housing. The strategic objective calls for providing the population with access to an adequate habitat, good housing, and healthy and stable

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<sup>31</sup> PGDT: Plan General de Desarrollo Territorial. Final Version, Quito 2007. This report follow a previous version of the same plan, 2004.

conditions. The PGDT with these strategic objectives in mind propose several strategic elements to organize the territory. One of them is the idea of a compact growth model, which involves policies that look to the built city. Within this framework, the plan seeks to re-structure the central urban areas of Quito, one of them being the Historic Center.

To some extent re-structuring the Historic Center involves certain programs and policies that hope to preserve and strengthen positive aspects of the current activities of the Historic Center. According to the plan, the Historic Center's vision is to:

*“...la protección, rehabilitación y modernización del Centro Histórico de Quito y de su vitalidad central, socioeconómica, ecológica, ambiental, urbanística y arquitectónico, para potenciarlo como motor económico y nodo simbólico” (PGDT, p:36)*

(“...the protection, rehabilitation and modernization of the Historic Center of Quito and its lively central location, socioeconomics, ecology, environment, urban and architectural, to empower it as an economic motor and symbolic node”)

The idea is to achieve the vision through the implementation of programs and projects to improve infrastructure, services, transit, parking buildings and housing. In this section the plan does not talk about specific ways to implement such projects; it just articulates comprehensive strategic ways to achieve the vision. One of those ways refers to housing:

*“La recuperación integral del uso residencial; mejorando la calidad de los usos complementarios, la seguridad y las condiciones ambientales” (PGDT,p:36)*

(The comprehensive recuperation of the residential use; by improving the quality of its complementary uses, safety and environmental conditions)

The policy as articulated here does not use active verbs or imperative forms such as “should” or “must” that indicate a mandatory action. Also, the policy does not

specifically state who is the responsible agency or municipal department to ensure its accomplishment.

The *integral* concept of the plan is understood as “*sustainable economic growth, with environmental equilibrium, social justice, institutional efficiency and citizen participation for decision making to forge a common destiny*” (Plan Quito Siglo XXI: 27).

It is important to understand these concepts as they are included in the official vision for the whole metropolitan area and in the policies that include the role of the Historic Center of Quito within them.

Section three of the PGDT talks about more specific policies to be implemented within the general municipal system. The first one is a policy that addresses “land and housing habitation” with the goal of improving living condition in the metropolitan district. It states:

*“El ampliar y mejorar las condiciones de habitabilidad digna, segura y saludable de la población del Distrito, en particular de los sectores sociales mas vulnerables implica promover y facilitar la oferta constante de suelo urbanizado y la provisión, mejoramiento y la rehabilitación de viviendas que se adecuen a las necesidades de diversos tipos de familias y que se encuentren localizadas en un entorno habitable adecuado y servido de modo que contribuya al desarrollo integral y equilibrado tanto de sus habitantes como del territorio”* (PGDT, p:59)

(to broaden and improve the dignified habitability conditions, safe and healthy of the District’s population in particular of the social vulnerable sectors implies to promote and to facilitate the constant supply of urbanized land and the provision, improvement and rehabilitation of housing that are adequate to the needs of diverse types of families and that are located in a habitable environment, adequate and serviced is such a way that housing will contribute to the comprehensive development of its inhabitants and the territory”

The plan states that to achieve a goal like those mentioned one, it is necessary to put into practice a list of activities which are relevant to mention and summarize here:

- To put into practice legal, institutional, and management mechanisms to generate enough urban land at the right prices to satisfy the market demand; this is indispensable for stabilizing land and housing prices.
- To promote creative and innovative solutions to solve the housing problem and to reduce its quantitative and qualitative deficits.
- To facilitate the housing opportunities accessible to families of diverse income levels that cannot find solutions in the current market.
- To support the rehabilitation of the existing historical building stock, involving homeowners and renters in the rehabilitation as well in order to avoid gentrification. (PGDT, p:61)

The list articulates the elements above as desired activities that should happen in some cases, but they are not mandatory and the documents do not suggest which department is responsible for managing and administering towards these goals. The only specific housing program mentioned within this policy is the *Pon a Punto tu Casa* (PPC) (“Put your house up to date”) program and a program for neighborhoods improvements primarily in informal settlements around the periphery.

Specifically regarding housing issues in the Historic Center, the plan suggests that the intervention approach should take into consideration the recuperation and conservation of the historic value and the improvement of the quality of life of its residents, emphasizing that this includes residents of all different social segments.



The Plan does not provide information about the housing needs of residents of different income levels, and therefore there are no specific goals in terms of number of units or recommended prices per unit in accordance to an area median income.

Even though this plan was developed before the PE-CHQ, it does not mention any regular guidelines to follow the PE-CHQ. PGDT can be more specific and say that PE-CHQ has the more accurate guideline to for project and program implementation in the Historic Center of Quito. The integration of plans and policies towards specific housing ends could be a better way to accomplish some of the previously mentioned goals that were articulated as policies. The PPC program is currently the only program in practice and it is not enough to address all housing goals (Chapter 5). Policies should be specific guidelines, mentioning specific mechanisms, the agencies responsible for implementing them, and the benefited social groups.

The PGDT document has articulated a holistic city vision and sound goals and policies to implement housing programs in the Historic Center. These analyses inform the research questions with respect to understanding the policy background into which a sound housing policy could fit. Because the PPC program focuses on rehabilitation and not on new housing, the plan is broad and calls for more creative and innovative ways to address the Center's residents housing needs.

### **National Housing Policy: SIV**

In March, 30<sup>th</sup>, 1998 the Ecuadorian government created the SIV (Sistema de Incentivos para la Vivienda, *Housing Incentives System*) and through a ministerial

agreement in November 1998 the name ‘Housing Down Payment Subsidy’ (Bono para la Vivienda) was adopted to refer to the monetary incentive that families and private developers received to buy or build new urban housing.

During the same period of time, the Housing Ministry (MIDUVI) created the SIV chapter for Ecuador’s historic centers in accordance with the original 1998 document<sup>32</sup>, noting some issues, background and objectives:

- To recognize the existence of deteriorated neighborhoods, especially the ones in the centers of consolidated cities, which have some basic infrastructure and facilities, and constructions that need rehabilitation,
- To rehabilitate and rescue the historic centers, this policy recognizes the need for community co-participation with the municipalities.
- To consider that housing is one of the biggest problems for the population and that solutions require more effective public participation, and that organizational capacity and public and private entities exist that can help in the promotion process, financing, management and execution of housing projects
- To recognize that in Ecuador there is an important housing deficit which can be decreased through new financing mechanisms and through economic incentives to facilitate the access of Ecuadorian families to a better housing.

This policy sets up an interesting background for the national government’s involvement and for it to take the responsibility to help to address housing problems and needs together and in cooperation with local governments and the private sector. The

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<sup>32</sup> Republic of Ecuador, Ministry of Housing and Urban Development, Agreement No. 0028 “Reglamento del Sistema de Incentivos para Vivienda en Centros Históricos”, Quito, 1998.

policy assumes that ‘housing’ in the Historic Center is the type of housing unit that can be purchased under a condominium-type ownership and that it can be of different types: new, rehabilitated, renovated, reconstructed or complementary to an existing property.

Beneficiaries with the right to apply for a housing voucher can be any Ecuadorian over eighteen years old, single or married, with the requirement that neither the applicant nor the spouse should already be a home owner or land owner. The applicant’s income level will correspond to a household monthly income equivalent to a hundred and twenty UVC<sup>33</sup> as a maximum. In 1993, one UVC corresponded to 10,000 Sucres, meaning that the highest household income level that was able to apply for this housing down payment incentive was a low-income household earning 1,200,000 Sucres. In 1993 the minimum income monthly salary for a person was 63,000<sup>34</sup>. This data can help to understand that the government policy set up the limit of applicants earnings to such a range that just the very poor and low wage labor workers’ households were able to apply.

The incentive is emitted as a voucher by MIDUVI under the beneficiary’s name and it may be used to acquire or build new housing located in a property that has been rebuilt, renovated, remodeled or rehabilitated and that is contained in any historic center in the country. The owner endorses the voucher and transfers it in favor of the housing supplier who will be the one that makes it effective in the MIDUVI offices. The voucher is not cash money and will not be directly given to the customer or voucher beneficiary.

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<sup>33</sup> UVC means ‘Unidad de Valor Continuo’ and like the UF in Chile is a fictitious number used in the financing market and in particular in real estate market. In Ecuador, UVCs were established in 1993 under the “Ley de Valores” and they were abolished in 2000 with the dollarization of the Ecuadorian economy. UVC values were adjusted daily by the INEC in accordance with inflation rates.

<sup>34</sup> Banco Central del Ecuador, web page data bases, 2007.

Its value, during the years after 2000, was in Sucres, applying the current UVC value set up by the Ecuador's Central Bank; its value corresponds to a percentage of the definitive price of the housing unit. Besides the voucher application, households need to prove a corresponding percentage of savings to be able to purchase the house.

The SIV system works with three components: subsidy, savings and credit. The idea is to give households the motivation to save some money in order to gain access to the credit that will allow them to complete the rest of the housing value.

It was important to explain the characteristics of the beginning period of this program because this is the origin of the incentive that *Vivienda Solidaria* program was able to use to sell the affordable apartments in the Historic Center (Chapter 4). Today the SIV does not work in the Historic Center anymore because voucher holders need to buy housing within a certain range of prices (\$12,000 and \$20,000) and developers need to be registered with the Housing Ministry as affordable housing developers to ensure that housing is in compliance with the law of housing for social interest (Ley de Desarrollo de Vivienda de Interés Social<sup>35</sup>).

Applicants now have to be qualified by SELBEN<sup>36</sup> as a person with income within levels 1, 2 and 3 on their scale, or live in a household with a monthly income no more than \$600.<sup>37</sup> The value of the voucher for a new housing<sup>38</sup> unit is \$3,600 for a house that costs up to \$20,000, including the value of the land. The minimum savings that

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<sup>35</sup> Registro Oficial 233: 22 jul, 1985. This law requires a specific number of square meters of construction according to the location and the registration of the development with the ministry and local government, after following different requisites listed in the law.

<sup>36</sup> SELBEN: Sistema de Identificación de Beneficiarios de Programas Sociales; *Sistem of identification of Social Program's beneficiaries*.

<sup>37</sup> MIDUVI, <http://www.miduvi.gov.ec/Default.aspx?tabid=284>. Accessed, March, 2008.

the applicants need to have at the time of application should be at least 10 percent of the value of the house and the applicant is responsible for getting securing the credit to complete the value of the house.

The SIV policy was put into practice in 1993 and since then the housing ministry has been helping the urban and rural poor to purchase, remodel it or construct housing. This is a demand-side subsidy to purchase housing that must be registered with the housing ministry as ‘social interest housing’ in order to use the down payment voucher. The Municipality of Quito with the Historic Center Corporation (ECH) signed an inter-institutional agreement with the Housing Ministry in 1999 that lasted until 2002. The cooperation agreement was necessary for registering some of the units of the housing program *Vivienda Solidaria* as ‘social interest housing’ so that low income residents of the Historic Center had the possibility to apply for the down payment voucher.

The period of 1999-2002 was the only time that a municipal housing program used government SIV policies to help provide housing for the urban poor residents of the area. The *Vivienda Solidaria* program which will be examine in chapter 5 is an example of a program that utilizes a range of available resources, including SIV, in order to create housing opportunities for low income people.

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<sup>38</sup> The SIV gives incentives for new housing, remodeling or construction if the applicant has a piece of land.

## 2.3 CONCLUSION

The present chapter explored the current urban trends and policies that have been applied in the Historic Center. While examining the center's urban trends I narrowed the analysis towards the data necessary to understand housing problems in the Historic Center. I first researched the population demographics (who lives there?); second, I explored the urban land uses (residential uses? where?) and third, I looked at the housing stock and tenure characteristics (what kind of housing can people afford and occupy?).

The data that I used for this research comes mainly from the Ecuadorian Census 2001, and from the PE-CHQ. I did not find representative information about household incomes and rent prices, however I used the "*Encuesta de Condiciones de Vida 2005-2006*", a document that has some sample data that was taken in three different places of the Historic Center. If more data about the rent prices, incomes, housing quality and tenure were available on the same system in order to enable comparison, it would have been possible to do a mismatch analysis. This suggests that the next census should ask enough questions to collect economic data such as house prices and mortgage monthly payments, monthly rent prices, and monthly individual and household incomes.

Analysis of urban trends in the Historic Center shows that there are about 50,982 people living in the area. Demographic analyses between the 1990 and 2001 censuses demonstrate a negative population growth rate of -1.2. To some extent, the decrease in population in some dense areas of the Historic Center is a positive trend because it

alleviates overcrowding conditions in deteriorated houses, which is not considered an acceptable quality of life.

Considering that the legal medium monthly salary in Ecuador is \$198.26 dollars, the Historic Center's population median monthly income is \$202.65 when the median for the metropolitan area as a whole is \$355.67. Even though the medium income salary of the Historic Center area is higher than the legal minimum, poverty rates are high because Ecuador's basic basket of goods was in 2007 at \$322.03.

A total of 21.2 percent of households in the Center are in poverty, with 3.2 percent more in extreme poverty. There is no data about homeownership and its relation to poverty; however, in terms of housing tenure it is known that 69.97 percent of the households rent a housing unit while 23.95 percent are owner-occupied.

Demographic and housing data inform the current state of the Historic Center's urban configuration. Some data show social economic deficiencies such as the high rate of poverty and low rates of housing ownership. Any of these demographics are specifically mentioned in the city's comprehensive plan (PGDT). However, PE-CHQ did analyzed first the Historic Center's data and later proposed general sound goals such as the following:

*“To strengthen the habitation capacity of the CHQ,, recuperating the presence of stable residents with the goal of giving them permanent livelihood” (PE-CHQ,p:63).*

Currently the only program in practice that is supposed to address goals like the one stated above is the PPC program, which will be examined in Chapter 5. The PPC program has specific objectives towards housing rehabilitation to preserve the historic urban heritage but that do not necessarily “reinforce the habitation capacity of the CHQ”.

At the local level, goals stated in comprehensive plans are still waiting for a specific policy with which to address those urban needs. At the national level, there is a consistent and solid subsidy program that is in practice but that does not have the means to apply itself to the Historic Center without additional agency support. Poor residents of the Historic Center cannot use the governmental down payment assistance to purchase a home in the same area because there is no supply of housing qualified to be acquired with the incentive.

The SIV national system is a three-component policy that incorporates the government down payment incentive with the applicant's savings and the available credit. Applicants need to be first-time homeowners and to qualify by SELBEN's standards. Housing units available for purchase need to be registered with the housing ministry as housing for social interests. Therefore poor or low income residents of the Historic Center may not have the opportunity to participate in the program because they will have to acquire additional credit beyond their means. Socio-economic barriers such as unstable jobs do not help them to access to the rest of the money needed to purchase the home. Also, currently there is no national–municipal governmental agreement to provide housing in the Historic Center of the type that can be purchased by using the SIV system.

From the case study of housing programs of other historic centers of the region, it was evident that the combination of resources, such as institutional local and national funds as one of the key strategic elements that housing policies should take into consideration. Sound goals in comprehensive plan documents are not enough to solve the



problems. It is necessary to assign responsible entities with designing and putting into practice creative policies for addressing housing needs.

### **Chapter 3: “House of the Seven Patios”**



#### **3.1 INTRODUCTION**

Since the 1990's, the Historic Center of Quito (HCQ) has been the center of one of the pioneering urban renewal experiments in Latin America (Rojas, 2004). The government implemented a series of housing programs to help improve overcrowded low-income living conditions, increase the resident population and protect historic structures, all as part of the comprehensive rehabilitation plans that the Municipality

developed with the assistance of international cooperating agencies. These strategies were implemented both during Ecuador's 1990 - 2000 economic crisis and during the more recent neo-liberal municipal restructuring, and are an example relevant to current global trends aimed at historic centers as new places to live, invest or attract tourism.

The following chapter analyses the first municipal experience that addressed a housing problem in the Historic Center: the "House of the Seven Patios", which consisted of the rehabilitation of only one large historic house that had seven different patios with almost 50 rental units in deteriorated conditions. The house rehabilitation was a pilot project that the Municipality put into practice together with the international cooperation of the Junta de Andalucía.

It is important to look at this pilot program because it set a precedent for the following housing programs and policies that the municipality created in an attempt to solve some of the housing issues of the Historic Center. As the current coordinator of the cooperation between Ecuador and the Junta de Andalucía architect Manolo Ramos mentioned in my interview with him, the House of the Seven Patios was more than a single housing project; it was the project that helped the municipality and the rest of the city to believe that the rehabilitation of the Historic Center's housing was actually possible<sup>39</sup>.

There is no comprehensive policy analysis done about this program, and the majority of the written documents about the House are focused on the architectural rehabilitation proposal rather than on the policy and planning mechanisms. This chapter is an attempt to look at the House of the Seven Patios as a precedent for

historic center housing policies that is more than just a good physical rehabilitation project. The analysis also helps to show that global and regional ideas for addressing housing needs in inner cities or historic centers have actually influenced this process in Quito as well. The case of RECUP-Boca in Buenos Aires (1984) was very similar to the planning process of the House of the Seven Patios. RECUP-Boca's lessons from its implemented mechanisms may have influenced the methodology by offering an approach to housing rehabilitation that involves organized renters. At the same time, lessons from European rehabilitation experiences were brought through the international cooperation agreement. To examine this pilot project it will be necessary to look at the planning process and the process of identification of needs. Finally I will look at some of the results and lessons to illuminate the research question of this report.

### **3.2 PLANNING PROCESS, IDENTIFICATION OF NEEDS AND DESIGN METHODOLOGY**

#### **Political and Planning Trends**

The House of the Seven Patios is a dwelling located in neighborhood of San Roque close to a central market of food produce at the south west side of the Historic Center. In 1971 the Municipality of Quito bought the house under the right of eminent domain because the owners had stopped paying property taxes. Since then, the municipality administered the deteriorated dwelling as rental housing until 1992 when the house was targeted for rehabilitation. The House of the Seven Patios project rehabilitated a historic house that included 1,380 m<sup>2</sup> of built deteriorated structure on a piece on land

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<sup>39</sup> Personal Interview, Quito: August 2007.

of 1,860m<sup>2</sup>. The rehabilitation turned the house into an improved multifamily building over 1992 and 1993. A group of seventeen families were renters and they informally organized themselves into a cooperative and these tenants collectively enforced their rights of being the first occupants of the newly rehabilitated house.

During the construction process tenants were relocated to other municipal rental houses on nearby Caldas Street in the northern area of the Center. At that time, the Municipality still operated these deteriorated buildings as rental properties with tenants living in generally overcrowded conditions – but with some available space for relocating the House of the Seven Patios' tenants. That situation was maintained until the renovation of the House was complete, when the tenants returned and the Caldas street houses were left ready for another later housing program (*Vivienda Solidaria*). The eventual goal was for the Municipality to get rid of these properties and to cease functioning in the capacity of a landlord, which was not a welcome activity in the context of state reduction during the modernization period of the 1990s.

In the view of the neo-liberal development ideas popular in the 1990's, modernization of the state had to take place in order to simplify public services<sup>40</sup>. Meanwhile at the city level, growth management in planning started to look at the revitalization of existing communities as a planning strategy to contain sprawl and to enhance the tax base of the inner city. This combination of state modernization policy and urban planning strategies set the stage for further intervention in the Historic Center.

Political and planning trends during that period were changing towards the privatization public services. Ecuador entered the 1990's with high inflation as well as an

increasing foreign debt. Austerity programs were introduced in 1988 leading to economic emergency measures such as raising gas and food prices, generating a large-scale social discontent. In 1990, the elected president Rodrigo Borja opened trade with international markets and in 1992 the Ecuadorian currency started to show signs of devaluation (26 percent). In 1993, Congress passed the first law for state modernization (RO/349) setting the scene for planning through public-private partnerships.

The elected mayor of Quito, Rodrigo Paz (1987-1992) started a new era of city planning managed by the party “Democracia Popular”. Paz, concerned about the Historic Center’s condition and influenced by global trends, directed municipal management and city planning towards the ‘modernization’ approach. Policy and program implementation aimed at the recuperation of the Historic Center were influenced by these trends and agencies looked for external funding and international cooperation in order to put plans into action. Quito was recovering after the earthquake of 1987, when most of the monuments in the Historic Center suffered serious structural problems. When the House of the Seven Patios was being renovated, many of the monuments were in restoration processes, as were many public spaces and sidewalks; while such renovations of the area had been mandated earlier in the 1980 comprehensive plan, the critical situation after the earthquake was a motivation to seriously apply this part of the plan.

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<sup>40</sup> State Modernization Law, Law No.50 RO/349 of December 31, 1993. Congreso.

The comprehensive plan “Plan Quito 1980” established the urgent need to develop some kind of policy to stop the deterioration of the historic district. The first inventory of historic houses was done under this plan, generating new information about conditions in the Historic Center.

The later Diagnostic of the Historic Center (1992) was more influential, and up to now remains the most comprehensive data collected about the urban, social and economic conditions of the area. It is a three-volume document which superficially described how the housing policy for the Historic Center should be addressed by taking into consideration a diversity of relevant factors such as socio-economic trends and tenure, density, structural conditions of housing and housing demand. However, in the implementation process we can see that the municipality embarked on just one specific pilot program to rehabilitate the tenement house Casa de los Siete Patios (*“House of the Seven Patios”*) in cooperation with the international agency the Junta de Andalucía.

The rehabilitation project and housing adjudication program of the House of the Seven Patios came out of the first cooperation agreement between Quito and the Junta de Andalucía. It was signed in Seville on March 29 of 1990 between Rodrigo Paz Delgado, Mayor of Quito and Jaime Montaner Rosello, Advisor of the Public Works and Transportation of the Junta de Andalucía. The judicial basis for this contract rested in the precedents of a sequence of previous agreements such as: first, the cooperation agreement between the government of Spain and Ecuador signed in 1975; second, the cooperation agreement between Quito’s Municipality and the Spanish International Cooperation Agency (AECI in Spanish) with the purpose of intervening the Historic Center of Quito, signed in Quito in 1989; and third, the agreement between the Spanish International

Cooperation Agency and the Junta de Andalucía to cooperate in the execution of international commitments to “Iberoamérica del Estado Español” (“Iberian America on the part of the Spanish State”) signed in Sevilla in 1989.

In 1978, Quito had recently become the first World Heritage city designated by UNESCO and, under the Municipality’s Master Plan implementation tool, housing rehabilitation in the Historic Center had been made the agenda of three institutions: FONSAL (Fondo de Salvamento), the Historic Center Commission and the Caspicara Foundation. These institutions were still in similar capacities by the 1990s, when the Municipality of Quito began to request international cooperation for financial and technical assistance in order to accomplish the Plan Quito Metropolitan District’s (1993) objectives. Under this agreement, the Municipality designates that the Planning Department is responsible for the technical, financial and economic management of the programs. However, the House of the Seven Patios was developed under the responsibility of different institutions: FONSAL and the Unidad de Vivienda.

The House of the Seven Patios project was founded under the fourth clause of the agreement with the Junta de Andalucía in which the co-financing of the complete operations for the housing rehabilitation for housing and other social uses (Agreement, 1990-1994) was established. A commission was formed for the control and supervision of the different activities with decision-making power. Two Ecuadorian members were designated by the Municipality and two Spanish members were designated by the Spanish cooperation agency. The commission establishes the specific and concrete programs to be developed, including the financial and management mechanisms, control



and follow-up mechanisms and evaluation. However, in term of the financial decisions the mayor of Quito had the last word.

In 1993 Dr. Jamil Mahuad, from the same Democracia Popular political party as earlier mayor Rodrigo Paz was elected as the Mayor of Quito. Mahuad's neoliberal policies at the municipal level encouraged the House of the Seven Patios project to get rid of any municipal responsibility towards the tenants, who had returned to the renovated rental property by that time. A municipality in the process of modernization, institutional reduction and decentralization did not have room for a department like the *Unidad de Vivienda*, which was only department taking care of this project while also planning new housing interventions. From 1993 until 1996, the high expenses of the house's administration and the default of rental payments by the tenants started to be considered a problem. The financing director of the municipality approved the sale of the housing units to the current selected inhabitants as a way to recuperate part of the municipal investment<sup>41</sup>. In chapter number four I will explain how the *Unidad de Vivienda* department evolved into a public-private partnership after the Ecuadorian Modernization Law (1993) mandated public sector modernization and decentralization, setting up the legal framework for such public-private partnerships.

The main source of information on which this historical reconstruction and analysis of this pilot projects is based is the review of institutional documentation and interviews with functionaries and other people involved. Documents were found in the old archives that still exist in the last office space that *Unidad de Vivienda* department occupied in one of the housing units of the *House of the Seven Patios*. Today, these units

are still functioning as office space for the cooperation between the Junta de Andalucía and the Municipality of Quito.

Interviews were developed during the summer of 2007 with key stakeholders such as the architect Jorge Carvajal, director of *Unidad de Vivienda* during *The House of the Seven Patios* days and architect Manolo Ramos representative of the Junta de Andalucía cooperation agreement; these interviews also included some informal conversations with residents.

### **Planning Process and Assessment of needs**

To summarize some of the complex history discussed earlier, at the beginning of the program there was a municipal concern to address the House of Seven Patio's problems specifically because of deterioration of the structure, and this concern was supported by the agenda of addressing housing problems in general mentioned in the comprehensive Plan Quito (1980), based on ideas of urban modernization. The cooperation agreement with the Junta de Andalucía had been signed and FONSAL was already a consolidated semi-public entity, setting up the institutional basis for the planning process and allowing planners to start to work on the project of intervention in the House of Seven Patios. At the same time that they were working on architectonic plans, social workers were developing social studies to more deeply understand the socio-economic situation of the families. Also at the same time, tenants were being relocated in new housing, as mentioned above, and planning managers of the project were working on

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<sup>41</sup> Municipio Metropolitano de Quito, Oficio No. 0030404. 9 Feb 1995.

the official documents and mechanisms that were going to guide the program's performance.

The official objectives of the program were (1) to rehabilitate the building for housing purposes, and (2) to adjudicate the rehabilitated housing units to the tenants under the best mechanism to guarantee their return to the house and to guarantee their housing stability as well. The responsible agencies were *Unidad de Vivienda* and FONSAL; the latter was in charge of developing a socio-economic analysis of the tenants that were living in the house in order to approach the best architectural design proposal for the house's rehabilitation and to analyze the household's economic possibilities in order to develop a sales strategy.

From this research the *Unidad de Vivienda* project managers learned that after the 1970's fire the house had started to shift in demographics and tenure trends. Before the fire, middle to lower income working class people were living there, such as seamstresses, tailors, and a few professionals (such as a writer)<sup>42</sup>. The fire and the continued deterioration of the house attracted tenants with even lower incomes, and this new environment discouraged the earlier tenants to stay. Before the cooperation agreement several other mayors of Quito tried to rehabilitate this house because it was known as the house of "thieves and drug addicts"<sup>43</sup>, each time announcing some kind of restoration project including the possible eviction of tenants. These uncertainties of

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<sup>42</sup> Vega, Maria Eugenia, Margarita Llerena and Jorge Carvajal. 1992 "*La Casa de los Siete Patios*", Convenio de Cooperación Junta de Andalucía –IMQ. Fondo de Salvamento, 1998-1992. Quito: Imprenta Mariscal

<sup>43</sup> Vega, Maria Eugenia, Margarita Llerena and Jorge Carvajal. 1992 "*La Casa de los Siete Patios*", Convenio de Cooperación Junta de Andalucía –IMQ. Fondo de Salvamento, 1998-1992. Quito: Imprenta Mariscal p:53

tenure motivated tenants to become organized into a group known as “Pre-cooperative House of the Seven Patios”. This tenement organization remained active in order to enforce respect for tenant rights under the rehabilitation program and to keep it true to its objective of allowing tenants to maintain their residence after the rehabilitation process.

The study developed by the FONSAL’s Social Department investigated households characteristics such as (1) demographics, (2) family configuration, (3) labor and economic situation, (5) tenure and living conditions, (6) neighbors relationships.

In terms of demographics, study results mentioned that 78.3 percent of the tenants were from Quito while 17.3 percent were from other provinces of Ecuador. From a total of 102 people, cohort component analysis demonstrates that there was a high population (22) of males in the age range of 26-30 years old (see Table 3.2.1). Fifty three percent of the residents were infants and young, while 32 percent were adults (26-60).

Table 3.2.1: House of the Seven Patios, Cohort Component

House of the Seven Patios Tenants -1991			
Cohort Component			
Age	Total	Women	Men
0 - 1	4	2	2
1 - 5	10	7	3
6 -10	11	8	3
11 - 15	16	7	9
16 - 20	14	7	7
21 - 25	14	7	7
26 - 30	5	3	22
31 - 35	8	4	4
36 - 40	3	2	1
41 - 45	2	0	2
46 - 50	6	4	2
51 - 55	1	1	0
56 - 60	4	3	1
61 -	4	2	2
<b>Total</b>	<b>102</b>	<b>57</b>	<b>65</b>
Source: Llerena, Margarita , Socio Demographic Análisis of the House of the Seven Patios, FONSAL, 1991. p:2			

Family configuration is correlated with the high number of young people that happened to be single, corresponding to 64 percent of the population of the house; 4.6 percent of the singles were adult single mothers. 20.6 percent of the population was married couples, and 6.8 percent couples in common law marriages. These data, together with the labor and economic facts, were important for designing the financing mechanism to let these families change their status from renters to owners in the renovated house.

Information about labor and the economic situation of the house's inhabitants explained that the household had a variety of education and training levels and therefore residents' professional activities created a very diverse range of incomes inside the house.

52.2 percent of the renters had a monthly income of about fifty thousand (50,000) Sucres and 47.8 percent had a monthly income of about three times more than the other group, between 176 thousand to 251 thousand Sucres. The legal Ecuadorian minimum monthly wage in 1990 was thirty two thousand (32,000) Sucres <sup>44</sup>; however, with the basic food basket (“canasta familiar”) monthly price at 250 thousand Sucres, both groups could be considered very low income groups (see Table 3.2.2.)

Table 3.2.2: House of the Seven Patios, Household Income

<b>House of the Seven Patios Tenants -1991</b>		
<b>Household Income</b>		
<b>Income Range (Sucres)</b>	<b>Number</b>	<b>Percentage</b>
Less than 50,000	4	17.4
51,000 - 75,000	4	17.4
76,000 - 100,000	0	0
101,000 - 125,000	2	8.7
126,000 - 150,000	1	4.3
151,000 - 175,000	1	4.3
176,000 - 200,000	4	17.4
201,000 - 225,000	3	13
226,000 - 250,000	3	13
250,000 o more	1	4.3
<b>Total Number of Households</b>	<b>23</b>	<b>100</b>
Note: The monthly minimum wage in 1990 was 32,000 Sucres, and price of basket of goods 250,000 Sucres (Source: Central Bank data) Source: Llerena, Margarita , Socio Demographic Analysis of the House of the Seven Patios, FONSAL, 1991.p:13		

The tenure conditions variables of the research showed the number of years people had lived the house as tenants (see Table 3.2.3), the ways that they prefer to use the house (see Table 3.2.4), and their interest in ownership on returning to the house (see

<sup>44</sup> Banco Central del Ecuador, data acceded Nov. 13th 2007.

Table 3.2.5) . Results from the number of years living in the house are similar as the long tenancies seen in the Mexico City and Buenos Aires case studies. Seven families had been living there for between 16 and 20 years and five families had been there for 21 to 25 years. In terms of use of the house, because some of the habitants were artisans like seamstresses who work at home, results showed that 60.9 percent of the households consider that the new design of the house should consider it as space to live as well as work. However, this characteristic was not considered in the final design for the house renovation. In terms of interest in ownership of or returning to the rehabilitated house, 17 households mentioned interest in ownership while five of them considered the possibility of continuing to rent.

Table 3.2.3: House of the Seven Patios, Years of Tenancy

<b>House of the Seven Patios Tenants -1991</b>		
<b>Number of Years Living in the House</b>		
<b>Number of Years</b>	<b>Number of Households</b>	<b>Percentage</b>
Less than 5	2	8.6
6 – 10	4	17.3
11 -15	3	13
16 – 20	7	30.4
21 – 25	5	21.7
25 – 30	1	4.3
31 – 35	0	0
36 - more	1	4.3
<b>Total Number of Households</b>	<b>23</b>	<b>100</b>
Source: Llerena, Margarita , Socio Demographic Analysis of the House of the Seven Patios, FONSAL, 1991 p:23		

Table 3.2.4: House of the Seven Patios, House Use

House of the Seven Patios Tenants -1991		
Use of the house		
Type of Tenure	Number of Households	Percentage
Housing Only	9	39.1
House and Work	14	60.9
Other	0	0
<b>Total Number of Households</b>	<b>23</b>	<b>100</b>
Source: Llerena, Margarita , Socio Demographic Analysis of the House of the Seven Patios, FONSAL, 1991.p:26		

Table 3.2.5: House of the Seven Patios, House Use

House of the Seven Patios Tenants -1991		
Interest in Type of Tenure		
Type of Tenure	Number of Households	Percentage
Ownership	17	73.9
Rental	5	21.7
Loan for Use (contract)*	1	4.3
<b>Total Number of Households</b>	<b>23</b>	<b>100</b>
* In Spanish: Comodato		
Source: Llerena, Margarita , Socio Demographic Analysis of the House of the Seven Patios, FONSAL, 1991.p:24		

The final architectonic project transformed the house into 38 apartment units (see Table 3.2.6, Appendix A) for rent or sale; at that point the Municipality was not sure about the method that they were going to implement to sell the housing units. There were enough units for old tenants and for new coming residents interested in buying a housing unit in this renovated house. The rent or total price of the units was not defined because the general uncertainty of what to do with the property. The *Unidad the Vivienda* had to develop two different strategies in order to manage the sales process, one designed to deal with the old tenants and other one to select the new interested purchasers.



According to a report written by FONSAL to the mayor of Quito in November 1992<sup>45</sup> the house was at this point half-built but ready to house the first 14 households. The process for housing adjudication was not yet defined and several other reports show that the Municipality found itself in discussion about the best option for keeping control of the rehabilitated housing units while following the agreements made with both the old tenants (1991) and with the international cooperation agency (1990).

The concern with keeping control of the rehabilitated house was due to its location close to the San Roque Market. In general in the Historic Center when a market is close to such a property it is likely to be used or rented out for storage to accommodate merchandise; the Municipality wanted to prevent this kind of use.

In May of 1991 the Municipality signed an agreement with the seventeen heads of households that were living in the house. The agreement established that the Municipality would allow them to live under rental conditions in another of the Municipality's properties while the renovation took place. At that time the Municipality owned 3 historic houses on Caldas Street located at the northern border of the Historic Center's urban limits. These properties were Caldas 454, 494 and 459, which later would be used for the *Vivienda Solidaria* housing program.

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<sup>45</sup> Document # 02827, Quito, November 20<sup>th</sup> 1992.

Conditions on the rental contracts established temporary housing for the tenants, and the document of agreement states that once the house was rehabilitated the 17 families can go back, but only under municipal rules, rules which were not specified in this agreement but later established in a regulatory document. Under this signed agreement the tenants accept leaving the house and moving to the designated temporary rental places, while continuing to pay for rent and services. The rental price in the Caldas houses was to be controlled and frozen during the time that the House of the Seven Patios was under construction.

From the total of 38 apartments, 23 were given to the old tenants as rental apartments with the right to buy and the rest were made available for people that fit the stipulated conditions recommended in the document “Selection criteria to select new inhabitants of the House of the Seven Patios under the rent with the options to buy modality”<sup>46</sup> and under the Junta de Andalucía conditions of the cooperation project. According to the agreement, the vacant units were to be offered to families with housing needs and limited economic resources, ensuring the exclusive use of these units for housing on a permanent basis. It was preferable if these eligible families were living in the same area of the city<sup>47</sup>.

The sales mechanism that the cooperation agreement demanded was by a ‘system of access to property in the long tem’<sup>48</sup> establishing the legal framework to guarantee that the Municipality can be the owner of the house for a 15 year period, at the end of which

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<sup>46</sup> “Criterios de selección para nuevos habitantes de la casa de los Siete Patios, según modalidad de arriendo con opción de compra” 17 de agosto del 1993.

<sup>47</sup> Programa de Actuaciones 1994-1996

<sup>48</sup> Programa de Actuaciones 1994-1996 p.3

the property can be transferred individually to the owners as a condominium property. According to Jorge Carvajal, architect in charge of House of the Seven Patios program during those years, the idea of maintaining the property of the house was to ensure a good coexistence (*convivencia*) among tenants and future owners, and to guarantee those who would remain in the house would live in harmonious conditions<sup>49</sup>.

The social and economic study of the tenants' income conditions was helpful in defining the range of rental prices that the agencies needed to set. It was a rent that also counted as a monthly payment towards the total price of the housing unit. According to an internal document of the Housing Department<sup>50</sup>, it was also important to define the prices in order to be able to recuperate the investment and financial costs accumulated during that period.

The General Administration of the Municipality resolved that the future buyers of apartments in the House of Seven Patios would pay, besides the monthly payments, other small payments for maintenance of communal space (Figure 9 and 10) This was a strategy that the Municipality hoped would be enough to lead to the abandonment of the paternalistic approach that the rehabilitation of the house had begun with. Making the tenants pay for the maintenance of the house themselves was assumed to be motivation enough for them to take responsibility of the remodeled House of the Seven Patios. This resolution established that the contracts for deed that the buyers signed had to state that each monthly payment, for a period of 20 years, would add an additional 25% as a payment for communal maintenance.

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<sup>49</sup> Personal Interview of 07-31-2007

<sup>50</sup> Internal Document 0054 from January 8<sup>th</sup> of 1997.

Figure 9. “House of the Seven Patios”, First Patio (2007)



Figure 10. “House of the Seven Patios” Second and Third Patio (2007)



A letter from January 2000 signed by a representative of the Municipal Attorney's<sup>51</sup> Office and sent to the Municipal Administration Office narrates the story of defaults and monthly payment delays that some of the prospective owners incurred since the signature of the contracts for deed in 1996. In 1999 defaults were so common that the attorney's office had to meet with the tenants to reorganize payment agreements considering the "difficult economic situation that the country was experiencing"<sup>52</sup>. However, as the letters states, some people defaulted again and the office had to file law suits to evict them.

The mechanism for the maintenance of the house was set up in a way that the 25% payment would be collected by the Municipality, which would then send the money back to the house as a check. A house administrator appointed by the Housing Department would manage it in order to pay for the corresponding maintenance labor. Even though the system for house maintenance was set up in this way, personal observations and conversations with residents can show that the maintenance factor was actually never resolved with the result of keeping the house in good shape.

Visitors can testify that House of the Seven Patio's residents do not take care of the public areas and communal parts of the house like homeowners might be expected to care for their own property. However there is some hope that this situation will change; in summer 2007, a new resident organization was elected and some residents expressed that hopefully they will be able to get organized to get the house into basic good shape again.

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<sup>51</sup> Procuraduría Metropolitana

<sup>52</sup> Official Letter No.149, Quito, January 2000.

### **3.3 PROGRAM OUTCOMES**

The House of the Seven Patios pilot program (1993-2000), became the entity through which the municipality initiated its first endeavors in housing rehabilitation projects aimed at increasing the quality of distressed neighborhoods of the Historic Center. To analyze the program's outcomes I will reframe the program's processes and results to be able to draw some conclusions, lessons and implications for the next programs implemented in Quito's Center.

The Municipality took ownership of the property starting in 1971. From then until 1993 the Municipality administrated and rented the deteriorated units. The 1990's global ideas of political and administrative modernization and the growing planning trends for inner city redevelopment influenced the mayors of Quito to take intervene and improve the House of the Seven Patios condition.

The process of this pilot program can be divided in three phases, beginning after the cooperation agreements were signed with the Junta de Andalucía agency (1990, 1994-1996) through which the Municipality was armed with planning tools and was allotted 700,000 Sucres to fund the project. The first phase involved (1) the preparation of the architectural and construction project, (2) the relocation of tenants and socio-economic study of their situation and (3) the design of the planning process to sell or rent the housing units to old residents and new homebuyers that had to be from the neighborhood as it was established in the cooperation agreement.

At the end of what I call “phase one” the house was still under construction but was already housing some families. The socio-economic study showed project managers that just 11<sup>53</sup> of the 17 original tenant families were able to go back. The renovated house with 38 units was initially to be inhabited by 20 families<sup>54</sup>, leaving 18 units for other prospective buyers. During the second phase of this project, the Municipality decided to rent the units to the 20 selected prospected homebuyers and started the process of finding other families interested in living in the house. It was 1993 when the old tenants moved to the rehabilitated house and signed an agreement with the Municipality that established that the monthly rent payments were going to be added to their housing down payments. At the same time project managers were implementing the planning process designed to select the new homebuyers. In 1996 the new contracts for deeds were signed with all 30 prospective condominium owners. Some units were left for office space for the cooperation agreement and for the use of the Junta de Andalucía.

The third phase of the project went from 1996 until 2000, during which the project managers encountered problems with the monthly payments, the maintenance and the administration of the house. The Junta de Andalucía retained offices in two housing units of the house; this space forms part of the condominium ownership this presence continues to create uncertainty among the rest of the owners. As one owner told me, some people think ‘that office’ is going to take care of the house’s communal needs

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<sup>53</sup> The number found when comparing the names of the relocated households and the new house units’ buyers in the records from the House of the Seven Patios. Source: Unidad de Vivienda, Dirección General de Planificación. “Adjudicación de Viviendas, Casa de los Siete Patios”. Report, Quito, 1995 :16

<sup>54</sup> Eleven of these are old tenants while the other ones are probably from the neighborhood or, according to their last names, may be family members of some of the other 11 original households’ tenants.

‘because they built it’<sup>55</sup>. Owners were often incurring payment defaults involving the municipality in litigation and administration expenses which to some extent complicated the process of closing up and concluding the project to leave the homeowners in charge (Table 3.2.7).

Table 3.2.7: House of the Seven Patios, Timeline

House of the Seven Patios Tenants	
Timeline	
1971	Municipality of Quito acquired the property by the right of eminent domain
1990	Cooperation Agreement between the Junta de Andalucía and Municipality of Quito
1991	Agreement with tenants and relocation in Caldas Street houses
1991	Socio-Economic Study of tenants developed by Social Work Department of FONSAL
1991	Start of construction work
1993	Old residents and new ones renting the apartments
1996	Contract for Deed with all renters, including rent payments as part of the down payment
2000	Monthly payments’ default problems
2007	First homeowner association formed

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<sup>55</sup> Informal conversation with a resident of the House of the Seven Patios. Quito, Summer 2007.



New housing units were sold with a 50 percent price subsidy to 20 households, 11 of which were old tenants; the other 50 percent of the price was financed by monthly payments over a period of 20 years. The rest of the units were sold with a 33 percent price subsidy; the other 67 percent of the price was financed by monthly payments over a period of 15 years (see Table 3.2.8). I never found a report or document in which the rationale for the finance policy and the allowable subsidies were explained. Some documents mentioned that the Municipality had the interest of recapitalizing at least some of their investment in order to be able to continue rehabilitating other houses. The Junta de Andalucía cooperation was going to support other projects only if the municipality was able to match the funds.

One possibility for explaining their rationale is that they had to ensure affordable prices to match the old tenants' and new prospective buyers' income levels, which to some extent were very low economic resources with which to purchase the housing units. I found a document which proposes different schemes for financing the rents or sales of the housing units suggesting that the social objective of the project is a priority "established by the Municipal Administration for the human and social development of the City"<sup>56</sup>. At that time the national government along with the BEV (Ecuadorian Bank for Housing) offered mortgage credits for very low income people. The House of the Seven Patios' households had even lower incomes than the target group for this assistance and had housing needs different from the ones that government programs were designed to address.

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<sup>56</sup> Ariazaga Guzman Dora, Jorge Carvajal, Margarita Llerena and Marcia Vallejo. FONSAL, Casa de los Siete Patios , Report, 1993.

Housing for the low income people able to participate in the national government assistance program had to apply to buy a house with a maximum cost of s/.15,000,000 Sucres and required a minimum household monthly income of s/.600,000 Sucres. As tables 3.2.9 and 3.2.10 (Appendix A) show, House of the Seven Patios' households' monthly income was below the government standard, before and after the renovation. Therefore the municipality assumed the management of the rent-to-own scheme (during the first three years) and later of the monthly payments over the corresponding period of time.

### **3.4 CONCLUSION**

The House of the Seven Patios was the first municipal experience that addressed the housing needs of some of the long-term tenants that were living on deteriorated municipal property. I think there are two main lessons that the Municipality learned through the process. The first was that, as in the cases of other programs in other historic centers, inter-institutional cooperation for management and implementation could function as a base structure in order to use broader resources and to lower the program's administrative burden; however, in such agreements coordination can be slow and inefficient if there is no department responsible for the comprehensive results.

The second lesson that came out of this process consisted of ideas and experiences about how to negotiate with older residents and about how to select new ones. In both cases the analysis was done on a case-by-case basis. In the case of a sustained housing program, this kind of analysis can be extensively bureaucratic and time consuming at moments when units need to be occupied quickly in order to get some

return on an investment. To lighten this burden the House of the Seven Patios and the Municipality could have learned from the Santiago's experience of creating an 'Interested Households Data Base'<sup>57</sup> from which to select prospective buyers; this would have been a much more manageable system. However, while The House of the Seven Patios was in the process of culmination, the *Vivienda Solidaria* program was starting to be planed (1999). The lack of evaluation of the first experience led to a reproduction of the same deficiency in the next program (chapter 4) without considering the administrative burden of working case-by-case and the need for creating a database of interested buyers to keep track of housing demand.

The reconstruction of the history of this program, looking at the political and planning context, the planning process, and the outcomes suggest a program that must have been reinventing its strategies throughout the period of implementation. Flexible and small-scale pilot projects can be a good study mechanism and a way to test planning strategies; however The House of the Seven Patios started its story without knowing where it was supposed to end up.

The management difficulties during the period when the House's residents were all renters may have had negative influence towards any other policy advocating rental housing. The defaults on monthly rent payments, litigation and evictions of tenants discouraged the maintenance of the house as rental housing. Ecuador does not have public rental housing and local housing authorities like in the U.S. or some European countries, from which to draw on an experience of housing management. Among the

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<sup>57</sup> "Banco de Demanda", Cordersan, Santiago, Chile.

different agencies involved in the project, none of them had the experience of rental housing management.

Another disadvantage is that at the moment that the House of the Seven Patios project was being developed managers did not consider that the government was developing the SIV system to help the very low income have access to housing, which could have been used as an advantage.

The main objectives of the program were accomplished to some extent; the architectonic rehabilitation of the house was a success and old tenants, or at least some of them, were able to go back to the house to consolidate their ownership rights. But as I mentioned before, visitors to the House of the Seven Patios can tell that something did not go well. Even though the architectural project for the renovation of the house was nice at the beginning, renters and prospective buyers' stories tell of how, due to problems among them, the residents started to neglect the maintenance of the house.

The most important lesson from the program is that assisting local residents to remain as renters and or to buy houses does not guarantee the comprehensive success of the program, beyond the main objectives. When local residents do not have any income source, it becomes impossible to guarantee them a housing unit, and at the same time it becomes impossible to guarantee good neighborly condominium relationships among new owners if the program does not facilitate this process.

## Chapter 4: “*Vivienda Solidaria*” Program



### 4.1 INTRODUCTION

The *Vivienda Solidaria* program was implemented in Quito at the same time that the House of The Seven Patios was finishing the sales process in 1999. This program was also part of those pioneering urban renewal experiments in Latin America that Rojas (2004) mentioned and it also took place in the same controversial economic and political environment that Ecuador as well as other counties in the region was experiencing.

The *Vivienda Solidaria* program produced new and rehabilitated housing by renovating ten properties that the municipality owned in the northern part of the Historic

Center. Some of them were inhabited and rented by low income households that immediately organized in order to ensure their participation and access to the new housing. These properties were located on both Briceño and Caldas Streets which are part of the area known as the “San Blas” neighborhood.

This area is considered in the PE-CHQ as one of the main urban ‘doors’ to the Historic Center, as it is on the major access route to the Center from the northern parts of Quito. Strategically, these housing renovations caused a lot of expectations about the Historic Center’s renovation because of its prominent location. Different from the House of the Seven Patios, which is hidden in the southwest corner of the Historic Center’s limits, the *Vivienda Solidaria* condominium houses have a much more accessible location.

Since these steeply-sloping streets branch off a central point of access through the area, everyone crossing the city was able to testify that some kind of urban renewal was going on. The Municipality built a parking garage on the corner of Caldas and Guayaquil as part of its transit plan, giving additional developable value to the surrounding properties. These properties are close to bus and trolley system stations as well as to major civic buildings such as the Central Ecuadorian Bank, the Red Cross and to important cultural and tourist points such as the Sucre Theater with its plaza and the large Basilica Cathedral. Today Caldas Street is one of the points of interest noted on the Historic Center’s official tourist map.

The following chapter analyzes the subsequent municipal experience (following the House of the Seven Patios) that addressed housing problems in the Historic Center, this time as a more systematic program involving multiple properties, not just a single

rehabilitated house. The implementation of this program was a little more ambitious than the House of the Seven Patios and a few other contemporary single-house projects<sup>58</sup> because it managed the rehabilitation of ten properties in different phases in order to provide more housing opportunities for Historic Center's residents.

It is important to look at this program because *Vivienda Solidaria* sets up a different precedent in housing rehabilitation within the comprehensive rehabilitation of the Historic Center compared to the previous House of the Seven Patios. As this chapter will demonstrate, the *Vivienda Solidaria* program depended on a stronger public and private institutional structure that was able to manage the program from 1999 until 2003. That was the time period when Ecuador changed its currency from Sucres to Dollars, and for this reason some of the data I was able to collect is sometimes listed in Sucres, sometimes in dollars and sometimes in both.

The data on which this analysis is based was collected during the summer of 2007 from the old archives of the ex-ECH, now EMDUQ or INNOVAR.UIO, which is the public-private corporation that was formed at the beginning of the program to manage an IDB loan to develop projects that would follow the comprehensive rehabilitation plan for the Historic Center; one of those strategic programs was for housing.

*Vivienda Solidaria* is a good example of a housing program that had the opportunity to become a sustainable housing program and policy by producing mixed income condominiums in rehabilitated or new houses. It did not become a sustained program because there shifts in the ECH management that I believed caused several

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<sup>58</sup> Single housing projects built with the junta de Andalucia cooperation include Casa Ponce and el Penanillo and others built by FONSAL such as "San Roque" and "La Victoria".

changes in how the housing problem was to be approached. This study has the objective of examining *Vivienda Solidaria*'s mechanisms and outcomes to be able to assess the positive and negative components of the program to inform the research questions of this report.

## **4.2 PLANNING PROCESS, IDENTIFICATION OF NEEDS AND DESIGN METHODOLOGY**

### **Political and Planning Trends**

In June 1995 the Historic Center Corporation (ECH) was formed with the Municipality and the non-profit Caspircara Foundation as partners. The partnership has a time frame of fifty years of existence. The objective of the Corporation was to “drive, promote and manage projects, operations and businesses oriented towards the development and preservation of the historic monuments’ areas of the Metropolitan District as well as to facilitate the adequate conditions of profitability, the advantage of areas with historic and tourist interests with special architectural value for the city of Quito”.

Dr. Jamil Mahuad, the same mayor of Quito elected in 1992 whose administration managed to finish the House of the Seven Patios project, decided to merge the *Unidad de Vivienda* department’s responsibilities with the ECH to continue developing housing projects in the Historic Center. According to the mayor’s resolution (Dec, 1997) the *Unidad de Vivienda*’s merger process had the intention of concentrating the management of housing programs into just one department in order to make them a more efficient venture. The creation of this public and private partnership has its bases on the



Modernization Law (1993) that continued the process of decentralizing municipal responsibilities and management and also incorporated private participation in public projects.

At the same time FONSAL, with the assistance of the Junta de Andalucía, continued rehabilitating deteriorated single houses into condominiums for low income people (Casa Ponce and El Penalillo ) and also built two large housing projects on empty lots (San Roque and La Victoria). This condominium housing was built and ready to be inhabited when the *Vivienda Solidaria* program started and when the *Unidad de Vivienda* merged with ECH. The merging of *Unidad de Vivienda* and ECH was a key strategy in order to consolidate efforts and funding towards housing programs.

Condominium housing projects such as La Victoria and San Roque were handy for relocating the tenants from some of the Briceño Street houses that *Vivienda Solidaria* was going to rehabilitate. These two condominium housing projects remained empty until the *Vivienda Solidaria* program signed the inter-institutional cooperation agreement (1997) with different local and national agencies in order to set up sales mechanisms. One of the institutions involved was the Housing Ministry (MIDUVI) because part of the planning strategy to manage the *Vivienda Solidaria* was to incorporate the national government subsidy (SIV) to help guarantee housing opportunities to the low income population.

In a previous section I mentioned the SIV national housing policy. It is important to point out that the director of MIDUVI or the housing minister during the SIV formulation and implementation was the architect Teodoro Peña. He became the first manager of the new Historic Center Corporation (ECH) and signed the inter-institutional

agreement with the required partners to put the *Vivienda Solidaria* program to work. The inter-institutional agreement was signed with MIDUVI, Housing Ecuadorian Bank (BEV), the Historic Center Corporation (ECH) and Pact-Arim, a French NGO that had a previous experience with the rehabilitation of a house at 508 Caldas Street<sup>59</sup> (Figure 7).

The ECH structure is similar to the Chilean corporation *Cordesan* in terms of how it uses inter-institutional cooperation to manage housing projects together with the private sector in order to bring residents back to the center. Quito's municipality, like that of Santiago, was able to incorporate the national subsidy for low income housing into its programs. In Quito, MIDUVI was in charge of managing the subsidy applications. BEV was part of the cooperation agreement with the capacity to help some of the prospective owners to get mortgages to complete payments. ECH was the agency that had to coordinate the funds that were coming from an IDB loan. Pact Arim, in *Vivienda Solidaria*, was the agency responsible for managing the construction process, the relocation of tenants, the selection of prospective buyers and the sales process.

The agreement was signed in August 1997; at that time MIDUVI's Minister of Housing was architect Diego Ponce, architect Teodoro Peña was the director of ECH and Dr. Jamil Mahuad was mayor of Quito. Under this agreement, MIDUVI committed to providing one million dollars for housing subsidies for the Historic Center's housing program. This commitment was linked to the continuation of a credit agreement between

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<sup>59</sup> Caldas 508 was a rehabilitation pilot program (1995) executed under a cooperation agreement between the French Government. The non-profit Pact-Arim established a branch office in Quito to manage the project. The house is a beautiful intervention and until now it is well maintained by its condominium owners. This experience allowed Pact-Arim to be the NGO that was going to be in charge of *Vivienda Solidaria* program.

MIDUVI and the Inter American Bank (IDB) and with other financing agencies in order to be able to include the corresponding entries (*partidas*) in the budget.

The document of agreement also established the transfer of the condominium projects built by FONSAL to the ECH so that sales profits could stay in the ECH to be invested in the new condominium housing that *Vivienda Solidaria* program was developing. The agreement recommends that new housing programs in the Historic Center of Quito incorporate new and different forms of financing for *Vivienda Solidaria*, including the resources of members of the community, of investors, of non-profits, and of public agencies with the objective of achieving new proposals for constructing and rehabilitating adequate housing in the Historic Center of Quito. It recommends that both the Municipality and MIDUVI need to prepare the required documentation to present to the Inter-American Bank to obtain financing for housing rehabilitation programs in the Historic Center of Quito. At that time the IDB had already loaned 41 million dollars (822/OC-EC, 1994) to the Municipality of Quito to address Historic Center's rehabilitation projects.

The objective of the project funded by the IDB loan was “to preserve and rehabilitate the Historic Center of Quito as a cultural treasure, to restore its functional importance, to revitalize traditional services and commerce by affording easier access to the goods and services these businesses supply and to foster the appropriate use and maintenance of its public and private buildings to make them more attractive to visitors”<sup>60</sup>. The loan protocol mentioned that funds were to be invested in:

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<sup>60</sup> <http://www.iadb.org/exr/doc98/apr/ec822e.htm>, Accessed in Dec. 2007.

“rehabilitation of historic buildings, upgrading of sidewalks, installation of signs and other street facilities, construction of five parking garages, establish of a Rehabilitation Fund, creation a semi-public firm to promote private investment in the Historic Center, as well as the administrative, technical and managerial strengthening of the executing agency, the Municipality of Quito”.<sup>61</sup>

As is stated in the loan protocol, the central element of the program is the creation of the Rehabilitation Fund. Mayor Mahuad followed these recommendations and passed ordinance 0115 to create FONREVIV (*Fondo para la Rehabilitacion de Vivienda*, “Housing Rehabilitation Fund”) but the mechanisms for managing the funds were never fully clear and the ordinance stayed inactive until the *Pon a Punto tu Casa* (PPC) program revived it in 2003. Even though FONREVIV was never put into practice, the Municipality of Quito and ECH communicated with the IDB partners about their interest in using part of the loan to buy by eminent domain properties to rehabilitate them through the structures of the new *Vivienda Solidaria* program.

As Eduardo Rojas mentioned<sup>62</sup>, the IDB did not find any objection to the program and money was invested in buying some of the properties adjacent to the ones already owned by the Municipality on Briceño and Caldas Streets (see Table 4.1). Municipal properties were appraised and transferred to the ECH as part of the capital investment project; the rest were purchased by the right of eminent domain with the justification of urban rehabilitation of the Historic Center.

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<sup>61</sup> Ibid.

<sup>62</sup> Telephone Interview, October 2007.

Table 4.2.1: *Vivienda Solidaria*, Purchased Properties

<b><i>Vivienda Solidaria</i> Program (1998)</b>					
Purchased Properties					
<b>Property (Historic House)</b>	<b>Street</b>	<b>M2</b>	<b>Commercial Appraisal (Suces)</b>	<b>Commercial Appraisal (Dollars*)</b>	<b>Cost /sq. meter (Dollars)</b>
454	Caldas	917	99,099,000	22,022	24
524	Caldas	607	63,129,330	14,029	23
494	Caldas	2852	295,282,350	65,618	23
529 and 497	Caldas	2350	222,156,000	49,368	21
459	Caldas	662	68,525,870	15,228	23
651 and 641	Briceño	1132	107,005,140	23,779	21
635 and 623	Briceño	1226	115,891,380	25,754	21
<b>Total</b>			<b>971,089,070</b>	<b>215,798</b>	
* In 1998 one dollar = S/.4,500					
Source: ECH document No. 663-ECH- June,1998					

The next section will examine the planning process that the ECH developed in order to design the program, the definition of objectives and the definition of the target population of the housing units. This program had to deal with a renters' organization like in the case of the House of the Seven Patios; in this case the same methodology was applied to create the mechanisms for helping the residents to access the new housing.

### **Planning Process and assessment of needs**

The planning process and the assessment of needs for the *Vivienda Solidaria* program involved (1) the tenants' relocation, (2) the product design and target population,

(3) the construction process, (4) guidelines for designs to select prospective condominium buyers and (5) commercialization and sales.

#### *Tenants' Relocation*

Tenants were notified by the Municipality that the houses, which were municipal property, were going to be rehabilitated into condominium housing developed by the ECH in the context of the Historic Center Rehabilitation programs. Pact-Arim was the NGO in charge of the communication process with tenants and of their relocation.

It is important to note that these tenants already knew about some of the House of the Seven Patios' ex-tenants experience because some of them had been relocated in the same Caldas' and Briceño's Street Municipal properties where they were able to meet the neighbors living on these streets. Tenants organized into a "*Comite Pro-Defensa de las Calles Caldas y Briceño*" ("Pro-defense Committee of Caldas and Briceño Streets) to ensure their access to the new rehabilitated housing and started conversations that led to the signing of corresponding agreements between the Municipality and the tenants' organization.

The methodology for managing the relocation process was developed through conversations with the representatives from the tenants' organization, though signing relocation agreements with the tenants, and through a socio-economic study of households to be able to set rental prices for the units that were going to be occupied.

Different from the House of the Seven Patios' tenant relocation process, which involved only 17 households, the *Vivienda Solidaria* program dealt with relocation or

temporary displacement of about eighty families<sup>63</sup>. These eighty families were part of the tenants' organization; there is no data about people that were not part of the organization, if there were any. The process was developed in phases or, more clearly, property-by-property according to the urgency of having the space uninhabited in order to be able to initiate constructions process.

The first agreement was signed with tenants of Briceño 651, 623, 635 and Caldas 459 (August, 1998<sup>64</sup>), with sixteen households, representing a total of 59 people. Nine other households had voluntarily moved with the idea that they would rather personally look for alternative housing during the rehabilitation. The second agreement was signed with tenants of Caldas 454 and 524 (September, 1998), and later a third agreement was signed with tenants of Caldas 494 (April, 1999). The agreement documents helped to communicate the purpose of the relocation by presenting to the tenants some details of the *Vivienda Solidaria* program that the Municipality had been working on.

For the Municipality the agreement's objective was to guarantee the tenants' cooperation in leave the properties while for tenants the objective of the agreement was to ensure their possibility of returning to the rehabilitated units as homeowners. The agreement had a temporary time frame related to the construction process' timeline. During that period the agreement established that tenants could rent the housing units of the Municipality's San Roque project by following specific terms and conditions for that rental period, such as risk of eviction in the event that they fall behind in rent payments or default on their water or electricity bills payments. Violating these terms had an

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<sup>63</sup> "Análisis de Familias del Comité Caldas y Briceño", ECH

additional penalty of losing the opportunity to apply for one of the *Vivienda Solidaria* housing units.

Clause number four of the agreement describes the application priority that ex-tenants had during the commercialization process, which is very poorly articulated:

“Una vez terminados los trabajos de rehabilitación del inmueble se procederá a la propuesta de adjudicación de la nueva vivienda siempre que al momento cumpla con los requerimiento financieros exigidos por las instituciones de crédito comprometiéndose la ECH a dar prioridad y privilegiar la adjudicación del reubicado en las mejores condiciones financieras posibles a los reubicados de la Caldas Briceño, por lo que la Empresa del Centro Histórico sugerirá dar el mayor plazo posible, los interés y la entrada más baja a las instituciones financieras” (Agreement, Sept. 1998p:3)

“Once the rehabilitation work of the property has finished, the process will proceed with the application and selection stage for residents of the new housing, on the condition that it satisfies the financial requirements set by the creditor institutions for the ECH to give priority and privileged status to the relocation of the people living in the Caldas and Briceño streets in the best possible financial conditions, and for that reason the Corporation of the Historic Center suggests that the financial institutions give the longest possible period for payment and the lowest interest and down payments.”

The agreement also guaranteed the priority of housing application to those previous tenants that had voluntarily left the municipal properties to find rental places in other parts of the city. It also established that the ECH had the responsibility of associating the relocated families within different programs of the Social Sustainability project that involved specified activities such as: (1) identification and motivation, (2)

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<sup>64</sup> “Convenio de Reubicación de los Inquilinos de las Casas de la Calle Briceño No. 651, 623, 635 y Caldas 459”; Quito. Agosto 1998



relocation and monitoring, (3) urban appropriation, (4) training and employment<sup>65</sup>. All of these activities were proposed with the objective of improving quality of life and of incorporating ex-tenants into the *Vivienda Solidaria* program.

These good intentions were put into practice only lightly and inconsistently. After having informal conversations with some of the relocated tenants who later became owners of *Vivienda Solidaria* housing units, I realized that the Social Sustainability part of the project never went very deep into sustainability issues. According to one resident, people from Pact-Arim and ECH held some meetings to explain to the residents some of the regulations and the Ecuadorian laws that established responsibilities and obligations in condominium ownership and living. Nothing beyond this appears to have been done.

Tenants living in San Roque (Figure 11) were still waiting to be relocated into their new units in August 1999 when the ECH proceeded with the call for application of ex-tenants to qualify for their access to *Vivienda Solidaria* units. Later events demonstrate that application process was not clear for ex-tenants. In September, 1999 the representative of the tenant's organization wrote a letter to the current mayor of Quito<sup>66</sup> asking why even though the signed agreement guaranteed their priority access for the housing units now that access was reduced and was excluding ex-tenants because the prices of housing units were set too high for their economic possibilities.

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<sup>65</sup> "Convenio de Reubicación de los Inquilinos de las Casas de la Calle Caldas 454 y 524"; Quito. Agosto 1998

<sup>66</sup> Letter that later was directed to the ECH. Received in ECH offices on September 28, 1999.

Figure 11. “San Roque” Condominium Complex



This point was a valid concern because the agreement had a clause establishing that relocation would not be possible if there was (1) default in rent and services payments, (2) non-compliance with banks for financing purposes and (3) cases when the prospective buyer [ex-tenant] could not provide the down payment value to purchase the housing unit<sup>67</sup>. The tenant's organization representative mentions this situation in one letter:

*-“we need to recognize regretfully that we have come to feel that we been deceived, and that this offer had the objective of displacing us from our housing on Caldas and Briceño Streets as a way to respond in a cold calculated way to the economic interests of the ECH”*

The tenants' organization's concern shows one pitfall within the management of the relocation and the management of information about the socio-economic situation of

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<sup>67</sup> “Convenio de Reubicación de los Inquilinos de las Casas de la Calle Caldas 454 y 524”; Quito. Agosto 1998 p:5

the old tenants. According to the letter, it seems that ex-tenants were surprised by an advertisement in the local newspaper with the announcement that the *Vivienda Solidaria* units were open to general applicants. It seems that communication was so poorly and disrespectfully administrated that ex-tenants thought that the *Vivienda Solidaria* units were built just only for them. Clearly, no one explained to them that the *Vivienda Solidaria* program that ECH had planned to increase the number of total units since the signature of the inter-institutional cooperation agreement in 1997. From the beginning of conversations with the tenants, they had the right to know about that the SIV system could assist them and that it would be better to start saving some money in order to really be part of the program; the ECH had never planned to give them housing for free or to assume similar methods as in the House of the Seven Patios (rent to own methods).

The ECH responded to the tenants' letter with another "Document of Agreement"(December, 1999) signed by the manager of ECH saying that ECH agrees to maintain the agreement with ex-tenants that are part of the tenants' organization and to help them access housing units that are affordable for their socio-economic conditions, on the condition that they would comply with the established application requirements needed by MIDUVI for the down payment voucher subsidy; if they did not meet these requirement, it was not the ECH 's responsibility.

During the application process some households applied for *Vivienda Solidaria* units at the Caldas and Briceño Streets and others applied to purchase *Vivienda Solidaria* units that were available for sale in the San Roque Condominium Complex and *La Victoria* condominium building (Figure 12) . From a total of 60 families that had signed the agreement, 24 families were temporarily relocated to the San Roque building. Out of

these, 21 families presented the application documents to return to their neighborhood. The other 36 families voluntarily found new places to rent. Of these, only 17 families presented the application documents. There were 20 displaced families that did not sign the relocation agreement with ECH. Four of these families presented application documents. So, from a total of 80 families displaced, only 42 families presented applications (See Table 4.2). There is no data available that shows how many of these 42 applications were in fact accepted or what the income ranges of those 42 applicants were.

Figure 12: “La Victoria” Condominium Building



Table 4.2.2: *Vivienda Solidaria*: Families Displaced

<b><i>Vivienda Solidaria (1998-1999)</i></b>					
Displaced tenant families from Caldas and Briceño Streets					
	<b>Number of Families</b>	<b>Relocated in San Roque</b>	<b>Voluntarily moved</b>	<b>Not Submitted Application</b>	<b>Submitted Application</b>
<b>Signed Agreement</b>	60	24	36	22	38
<b>Not Signed Agreement</b>	20	0	20	16	4
<b>Total</b>	<b>80</b>	<b>24</b>	<b>56</b>	<b>38</b>	<b>42</b>
Source: ECH document “ <i>Análisis de Familias del Comité Caldas y Briceño</i> ”					

### ***Product Design***

The *Vivienda Solidaria* program had the goal of targeting families from vulnerable socio-economic sectors for receiving housing units. The sales prices need to be structured in accordance to the standards of social housing defined by MIDUVI which had to be housing in a price range of \$6,000 to \$ 10,000 in order to be able to access to the down payment subsidy. The vulnerable population was defined as households that did not earn more than \$250 as a monthly income. In 1997-1998, when the program was designed, the minimum legal monthly salary was s/. 100,000 Sucres, which was about \$20 dollars<sup>68</sup>. This meant that the program was designed to provide housing to vulnerable households earning up to twelve minimum salaries each month.

The program also specifies a standard family group as one that earns a salary in a range between \$250 and \$400 dollars. The highest salary that MIDUVI accepted within the guidelines for application for the down payment incentive (SIV) was \$400. According

<sup>68</sup> One dollar = s/. 5,000 in 1998 and in 2000 one dollar = s/.25,000. Source: Banco Central del Ecuador.

to MIDUVI and Ecuadorian social housing law the housing unit that applicants can buy with the down payment incentive cannot be bigger than 60 square meters. Therefore, bigger apartments were targeted to families that were able to comply with other established rules that were part of the Selection Process Guidelines.

The social goals of the program to create a mix of income ranges among the new inhabitants was applied in the condominium rehabilitation project designs so that almost every project that would be sold through the *Vivienda Solidaria* program during the period of 1999 until 2002 would have ‘social housing’ characteristics in at least 50 percent of its units (see Table 4.2.3).

Table 4.2.3: *Vivienda Solidaria*, Condominium Housing and Number of Units

<b>Vivienda Solidaria (1999-2003)</b>			
<b>Condominium Housing and number of units</b>			
<b>Condominium Housing</b>	<b>Number of Housing Units</b>	<b>Accessible with SIV</b>	<b>Accessible without SIV</b>
Briceño 623-635	19	12	7
Briceño 641-645	16	7	9
Caldas 454	16	9	7
Caldas 459	10	5	5
Caldas 494	50	35	15
Caldas 497	6	4	2
Caldas 524	9	3	6
Caldas 528	15	0	15
Caldas 529	18	14	4
Caldas 562	21	0	21
La Victoria	50	20	30
San Roque	90	82	8
Venezuela 1325	11	2	9
Chavez 310	15	0	15
Rocafuerte 708	45	17	28
Benalcazar 1028	15	5	10
<b>Total</b>	<b>406</b>	<b>215</b>	<b>191</b>
Source: ECH, Collected Summer 2007			

Housing units' prices per square meter were established according to the location of the apartment within the historic house (See Table 4.4). I wanted to know if units that were affordable with SIV subsidies were in a good location or if they were the cheapest by square meter because of their poor location within the housing project. These data would be more valuable if the information available could respond to this question but the only way to know would be by looking at the architectonic plans or actually checking each of the apartments in their physical location.

Table 4.2.4: *Vivienda Solidaria*, Apartment Characteristics and Price by Square Meters

<b><i>Vivienda Solidaria</i> Program (1994)</b>		
<b>Apartments Characteristics and Price per Sq. Meters</b>		
<b>Housing Type</b>	<b>Characteristics</b>	<b>Price/m2 (dollars)</b>
Type A	Front location, street view, upper stories	205
Type B	Front location, street view, first floor	170
Type C	Back location, upper stories	180
Type D	Back location, first floor	160
Duplex / Back	Two story apartment at the back	190
Duplex / Patio	Two story apartment at the patio	200
Duplex / Front	Two story apartment front location	200
Type E	With patio or terrace	200
Type F	First floor, no much natural light	150
Type G	at the back with some limitations	160
Type H	Tower	215
Commercial A	At the street	280
Commercial B	At the back	265
Commercial C	No windows to the street	250
Commercial D	Windows to the interior	230
Commercial E	Especial condition	200

Source: ECH-Internal Document, box 135. Collected Summer 2007

Another question about how the project's design relates to its social goal concerns the number of bedrooms per housing unit and their total square meters (Table 4.2.5). Data on these features was collected from Jessica Lopez's thesis in which she also analyzed the *Vivienda Solidaria* program<sup>69</sup>. She provides data on condominium housing composition, looking at the number of bedrooms in each housing unit. She used the data to prove that units were in compliance with architectural codes. Any project in order to be approved to get construction permits need to be in compliance with codes and the

<sup>69</sup> López Quiroz, Jessica. "Valoración Económica de la Calidad Paisajista del Centro Histórico de Quito, Programa 'Vivienda Solidaria'". Thesis Dissertation for a Title in Economics, Catholic University. Quito, 2005



common habitability requirements according to the construction permit process of the city. However, when looking at the housing policy question, this data need to be complemented with information about the share of affordable units within each building and the bedroom configuration of these units. For example, if the demand side was composed mostly of families of four<sup>70</sup>, how many of the 215 units that were accessible with SIV were big enough to house the ex-tenants and the other low income applicants?

Table 4.2.5: *Vivienda Solidaria*, Square Meters by numbers of Bedrooms

<b><i>Vivienda Solidaria</i></b>			
Square Meters by number of bedrooms			
<b>Type of Housing Unit</b>	<b>Minimum Allowed M2*</b>	<b>Minimum M2 Built by the Program</b>	<b>Maximum M2 Built by the Program</b>
One Bedroom	28.50	33.06	86.57
Two Bedrooms	38.00	40.07	116.56
Three Bedrooms	49.00	57.00	138.91
Source: Lopez Quiroz, Alexandra (2005) p:72 and ECH			
* Allowed by architecture norms for the Metropolitan Area of Quito.			

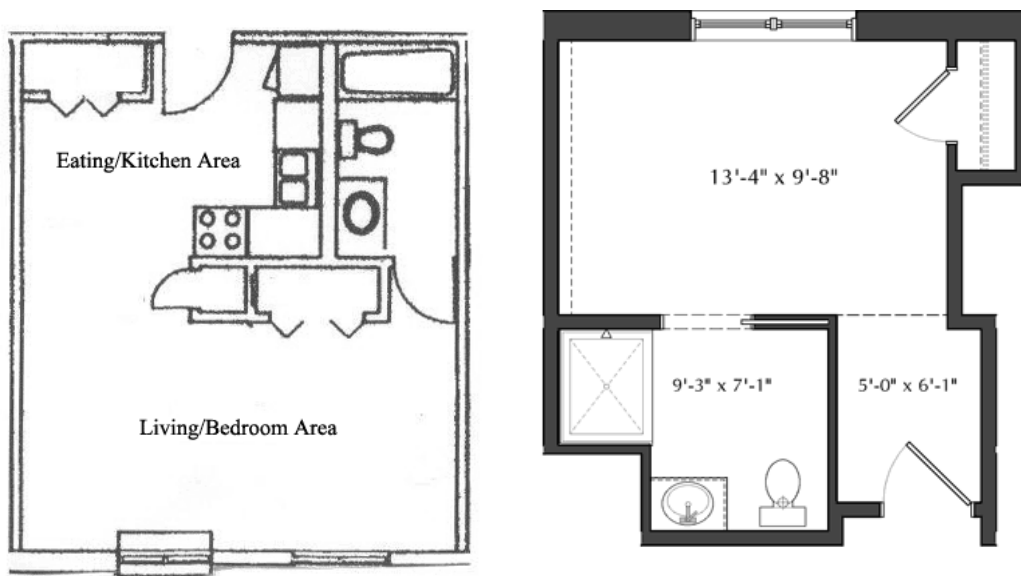
The *Vivienda Solidaria* program records cannot provide the answers to these questions. It should have been a priority to learn from these experiences by recording and studying these variables while designing housing policy. The assessment of needs generally looked at income affordability but it should also consider the needs relating to certain aspects of the physical space. *Vivienda Solidaria* had the opportunity to work with the prospective owners in the design of the condominium houses types, at least with the ones that had already passed the first selection process and had expressed an interest in living in the Historic Center. Good information for project design could have been

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<sup>70</sup> Obtained average by looking at the family composition data of the Agreement of Relocation with

collected, such as architectural details for single applicants (efficiency apartments, Figure 13) or desired communal spaces such as shared laundry areas or community spaces. The negotiations around the construction of the apartments were difficult; the architectural and construction methods were the exclusive responsibility of Pact-Arim and ECH while the construction process was managed privately through an announcement in the public media stating that *Vivienda Solidaria* program would select the most competitive development office to build the housing units.

Figure 13. Efficiency Apartment Ideas



Source: [www.conversehome.com/plans.html](http://www.conversehome.com/plans.html), <http://www.wesleyhousing.com>

### ***Selection Process Guidelines and Sales***

The program had an Evaluation Committee made up of four members: one from Pact-Arim, one from the ECH, one from the Contracts Commission of the Municipality and the last one was the Manager of ECH. The Committee had the responsibility of setting the price of housing units that would be considered by the ECH board for final approval. According to the document describing the commercialization process, the sales process started with a public announcement in local newspapers. Under the requirements, the announcement had to be published only once through the local newspaper with largest circulation rates, calling for people interested in acquiring housing from the program. Interested people were asked to fill out a form to submit a qualifying application by providing household socio-economic information such as household income and expenses or whether or not they were Historic Center's residents. At the same time ECH had to send a letter to financial institutions to invite them to participate in the program by facilitating financial assistance to prospective homeowners, especially to the ones that were going to receive governments' subsidies. The down payments subsidies were to be managed and delivered through private banks.

The next step in the process was the applicants' pre-selection by following the ranking system created by ECH, which had been approved by the IDB. The ranking system used computerized software with which the information provided in the application form was ranked according to the policy for evaluating households' characteristics and determining their eligibility. The ranking system was the same for both types of units, the ones that were small and cheap enough to be considered social

housing for SIV purposes and the more expensive and bigger ones that were not in compliance with SIV subsidies system and had market prices.

Applications were ranked based on a number of different characteristics such as if the head of the household was a single person or a couple, couples receiving more points than the single-head households. Another interesting element of the ranking was to give some families priority in the selection process if, for example, the applicants' families had relatives with disabilities. Another factor in the ranking was based on whether the applicant was a resident of the Historic Center.

Applicants looking for an apartment using SIV subsidies were ranked highly when they fit the low income profile of the selection policy. On the other hand, applicants looking for an apartment who earned too much to be able to apply for the SIV subsidy were ranked high if their incomes were high in order to attract some residents of a higher income range. This ranking process was the basis for the mixed income housing program, as it targeted both lower and higher income applicants. *Vivienda Solidaria* reflected ideas of inclusionary housing that have been seen in some parts of the US and Europe. I will come back to this issue in the final conclusion of this report, when I suggest strategies for increasing the inclusionary scope of housing policy in Quito.

The next step in the commercialization and sales process was the final selection of applicants according to the ranking assessments. The selected households were contacted and asked to meet the sales requirements and complete the SIV paper work. According to the data provided by the ECH, some households had to finance the amount of money to meet the total price of the unit after the down payment. Other households had savings or other assets (not housing) that were translated into capital for the purchase of the house.

Here it is important to remember that the economic situation in Ecuador in 1999 was very fragile and the public trust in financial institution had been lost. Some people had their savings invested in their houses, not in banks, and others had their savings account frozen by presidential mandate<sup>71</sup>. These events particularly influenced sales phases two and three.

### **4.3 PROGRAM OUTCOMES**

The *Vivienda Solidaria* program initiated its activities in 1997, the year when the ECH signed the inter-institutional agreement with MIDUVI, BEV and Pact-Arim to cooperate in the rehabilitation of historic housing properties owned by the Municipality located on the northern border on the Historic Center's limits. The program followed policy ideas and mechanisms in order to include the current residents that were renting rooms and apartments in those deteriorated housing. The general objective of the program was "to develop a thousand housing units within the comprehensive rehabilitation of the Historic Center, to guarantee the participation of residents, investors and the community in general by putting together local and national efforts in the process of State modernization"<sup>72</sup>. The specific objectives were (1) the improvement of quality of life through projects that can help alleviate quantitative and qualitative housing deficits, (2) the Historic Center's reactivation as a residential zone, (3) the achievement of social

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<sup>71</sup> Current president of Ecuador, Dr. Jamil Mahuad under and executive decree declared State of Emergency in the whole Ecuadorian territory imposing a "frozen in savings". Today, the national government with the anticorruption agency maintain a law suit with previous president for extra-limitation in functions administration.

<sup>72</sup> ECH, Powerpoint Presentation "Vivienda Solidaria "

participation to create a better decision-making process, and (4) to promote heterogeneity through encouraging occupation by different demographic groups<sup>73</sup>.

The *Vivienda Solidaria* program (1997-2002) was the program through which the municipality pursued its second phase of large-scale endeavors in housing rehabilitation projects aimed at increasing the quality of distressed neighborhoods of the Historic Center. Unlike the House of the Seven Patios, this project included outside sources such as the SIV system and Pact-Arim collaboration. For this project, Junta de Andalucía was not part of the institutions involved, perhaps because they were busy building other houses similar to the House of the Seven Patios project like “*Casa Ponce*” and “*El Penalillo*” (Figure 14). To analyze the *Vivienda Solidaria* program’s outcomes I will evaluate its results in order to draw some conclusions, lessons and implications for the next programs to be implemented in Quito’s Center.

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<sup>73</sup> Ibid.

Figure 14: “*El Penalillo*” Condominium Complex



The Municipality took ownership of some of the properties on Caldas and Briceño Streets and assisted with relocation process for 60 households in the already-built condominium building San Roque, very close to the House of the Seven Patios. ECH designed the methods that were used to select applicants by ranking households based on certain desirable characteristics.

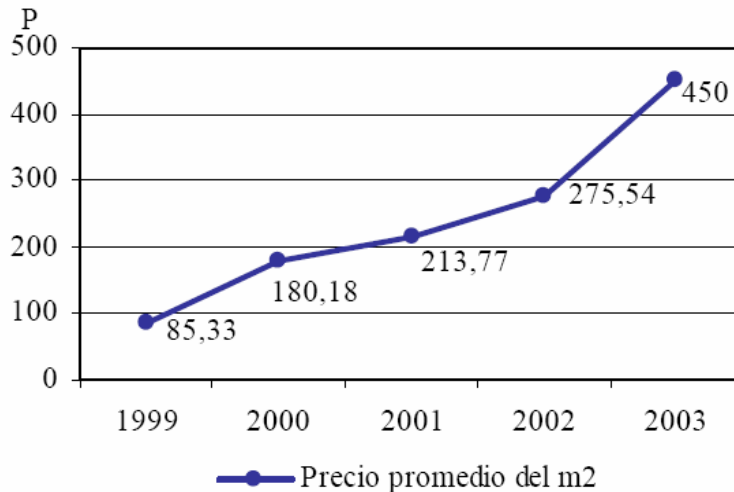
Table 4.3.1: *Vivienda Solidaria*, Purchased Properties

<b><i>Vivienda Solidaria</i> (1999-2002)</b>			
<b>Incomes of Home buyers by Phases</b>			
	<b>Household Incomes (USD)</b>		
<b>Phase</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Media</b>
Phase 1 - 1999	36.12	660.00	162.00
Phase 2 - 2000	75.00	2,000.00	443.39
Phase 3 - 2001	92.00	1,500.00	472.72
Phase 4 - 2002	180.00	2,855.00	981.08
Source: Lopez Quiroz, Alexandra (2005) p:75 and ECH			

As it was described above, the application process benefited some low income local residents of the Historic Center that were able to apply with the SIV subsidy and also benefited higher income residents of the Historic Center that were interested in buying units. According to the economic analysis of the program developed by Jessica Lopez, (2005), housing prices were not stable but rather each phase of construction set new prices per square meter. The rising prices might be related to inflationary process, but also to slight changes in policy. According to Figure 16, the price per square meter started at \$85.33 dollars in 1999 and went up to \$450 dollars in 2003. This can be compared with other data presented by Lopez (2005) which show the income range that was most likely to purchase the *Vivienda Solidaria* units during each phase. Of course, housing units began to increase beyond the SIV qualified price range from phase 2 until phase 4 of the project, and the households that most benefited from the Municipal effort were those earning more than \$400 as monthly salaries (Table 4.3.1).



Figure 16: Vivienda Solidaria's Price per Sq. Meter (1999-2003)



Source: Lopez Quiroz, Alexandra (2005) p:98

Table 4.3.2 shows a summary of housing projects sold using the *Vivienda Solidaria* model, some with SIV subsidies and some without. The total amount of money invested in subsidies was \$378, 310.05. The agreement with MIDUVI established the reservation of one million dollars for giving housing subsidies in the Historic Center. This shows that the government at that time had access to money for maintaining the assistance to lower income residents, so the switch in target population for housing units, especially for the units built and sold in phases 3 and 4 ,were not an outcome of the lack of funds for providing incentives. Increases in land prices could be considered a factor that made units more expensive but the fact is that ECH started the program in 1999 already owning the properties in advance.

Table 4.3.2: *Vivienda Solidaria*, Down payment Vouchers by Housing Project

<b><i>Vivienda Solidaria</i> (2000)</b>		
Down payment vouchers by housing project		
<b>Condominium Housing</b>	<b>Number of Housing Units with SIV</b>	<b>SIV Value</b>
Benalcazar	5	10,000.00
Caldas	70	130,934.00
Rocafuerte	17	34,000.00
La Victoria	20	28,574.59
Venezuela	2	4,000.00
Briceño	19	29,311.40
San Roque	106	141,490.06
<b>Total</b>	<b>239</b>	<b>378,310.05</b>

Source: Lopez Quiroz, Alexandra (2005) p:74 and ECH

One of the specific objectives of the program was to promote social participation throughout the decision-making process. After talking with some residents and after an interview with Pedro Jaramillo, manager and representative of Pact-Arim, I learned that the social participation component of the *Vivienda Solidaria* program was planned to consist of a series of workshops to help new residents live in co-property arrangements. According to Jaramillo, there was a switch in the municipal policy and those activities came to be considered unnecessary expenses. The result is that only some *Vivienda Solidaria* condominium houses are part of co-property organizations. I had conversations with residents and they believe that these organizations in Caldas Street are working better to maintain the houses' appearances than in Briceño Street. (Figures 17, 18, 19, 20).

Figure 17: *Vivienda Solidaria*, Briceño Street



Figure 18: *Vivienda Solidaria*, Caldas Street



Figure 19: *Vivienda Solidaria*, Caldas Street



Figure 20: *Vivienda Solidaria*, Caldas 497



#### 4.4 CONCLUSION

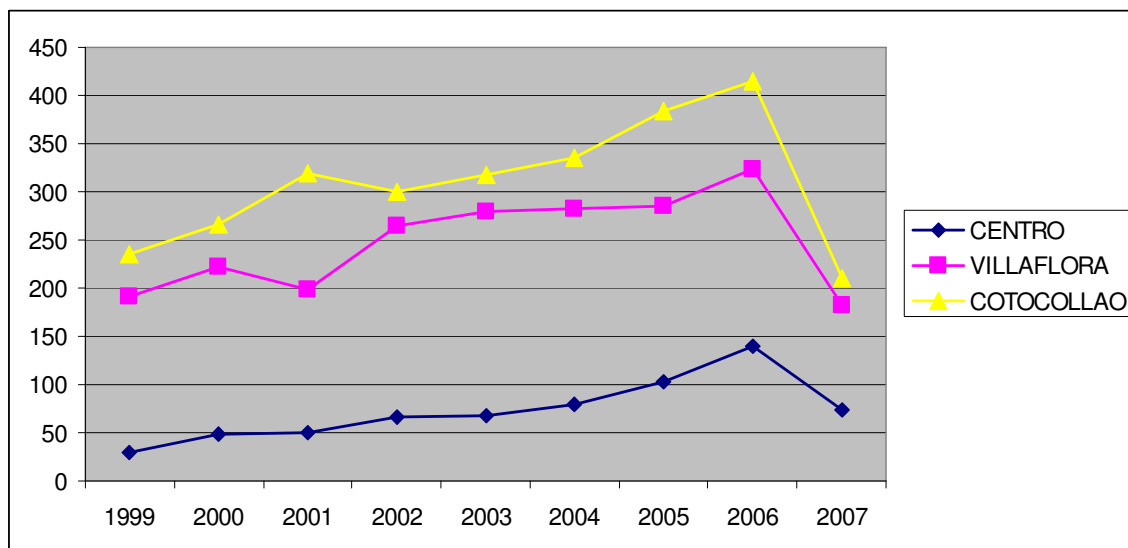
Vivienda Solidaria became an exemplary program funded by the IDB and had the possibilities of becoming a sustained program to contribute to the rehabilitation of the Historic Center. However, the political environment had changed in Quito and the program suffered the consequences. The Municipality totally ceased the program in 2003 and instead prepared new housing programs for the Historic Center, this time not meant to be affordable for the low-income resident population but rather to be in a middle or upper price range. This decision was a product of the new administration of the ECH which maintained its administrative structure and continued buying empty lots and historic houses, now producing housing at prices between \$400 and \$1,200 per square meter. Four years since the projects started, some of those condominium buildings are still in the construction and sales processes. They remain empty for various reasons that include an unclear sales process for customers, poor level of housing unit finishes and design, and prices such as the \$800 per square meter rate at the new *Camino Real* condominium building.

One of the desired goals of *Vivienda Solidaria* was to give incentives to attract and stabilize the residential use and to give incentives to the private market to invest. Data collected in the National Office of Properties Registration (*Registro de la Propiedad*) was useful to elaborate a simple analysis of properties transactions in three different areas of Quito. There is computerized data since 1999, and it shows that the Historic Center's area real estate transactions are very low in comparison with "La

Villaflora” southern area and “Cotocollao”, northern area. When selecting the data to be compared I was not able to see the whole data base, and I had to quickly choose three comparable areas. These southern and northern areas are not really the areas where most of the housing development in the Metropolitan district is happening, but was useful to prove how low the real-estate activity in the Historic Center is.

Figure 21. Real State Trends in there areas of Quito

Villaflora (Southern Area), Cotocollao (Northen Area)



In the meantime, in 2003 QUITOVIVIENDA was formed as a new public-private partnership in charge of the housing policy for the metropolitan district. This agency had the responsibility to manage both land development in the peripheries and *Pon a Punto tu Casa*, the topic of the next chapter, in the Center.

## Chapter 5: “*Pon a Punto tu Casa*” Program



### 5.1 INTRODUCTION

The *Pon a Punto tu Casa* (Put your House up to Date) program is the housing element that resulted from Quito’s integral rehabilitation agenda, itself a municipal policy affected by global trends of historic center intervention and decentralized management. The Municipality of Quito’s housing strategy for the Historic Center switched its emphasis from the direct production of new and rehabilitated housing with positive inter-institutional agreements to financing private homeowners with low-interest loans to rehabilitate their own housing.

The Historic Center came to be seen as an important economic resource for the city as a whole, the integral rehabilitation plans attempted to comprehensively address urban issues from transportation to social inequality and housing. However, the housing component appears to be partially contradictory to the stated goals of integral rehabilitation, in particular when looking at the '*Pon a Punto tu Casa*' program (PPC) which is in fact the only currently-active (as of 2008) housing program in the Historic Center of Quito.

Even though PPC states that one of its objectives is to help residents remain as inhabitants of the Center, the way it has been implemented and managed seems to overlook the fact that the majority of residents are renters, contradicting these objectives by driving older, affordable housing units out of the rental market, and replacing them with a smaller number of more expensive renovated units.

The origins of the program begin with Ordinance 3050, amended by Ordinance 3188 in August, 1996. Ordinance 3050 produced the mechanisms to create a fund to rehabilitate housing in the Historic Center. This fund was called FONREVIV <sup>74</sup> and was designed to find the resources by transferring development rights to private agencies. The idea was to sell building height rights to developers in the metropolitan area, and to use that money with the fund for the benefit of the Historic Center.

Ordinance 3188 is the second part for the program mandated by Ordinance 3050 and it establishes that the funds will be managed by the Financing Director of the Municipality as public funds. The *Unidad de Vivienda* of the Planning Department was the municipal division in charge of managing the funds to provide credit and technical



assistance to homeowners to rehabilitate their property exclusively for housing purposes.<sup>75</sup> The mechanism for raising the funds was controversial<sup>76</sup>, as was the idea of the funds being managed as public accounts, since this conflicted with some conceptions of municipal management in the context of modernization and decentralization. For not entirely clear reasons, FONREVIV was never implemented even though some height rights were sold, and the ordinance remained inactive until 2003 when the *Unidad de Vivienda* was transformed into a public-private corporation called QUITOVIVIENDA.

The *Pon a Punto tu Casa* program was established after the Mayor of Quito, the General Management of “QUITOVIVIENDA” and the Junta de Andalucía cooperation agency signed an agreement of cooperation on July 22 of 2003 that would last for an undefined period of time and that had the objective of creating the bases, required conditions and implementation tools necessary to execute this housing program. The program started in August of 2003 with funds from the Municipality and the Junta de Andalucía cooperating agency with the legal status of *fideicomiso* (trust fund). Under the ordinance No. 0115 of March 3<sup>rd</sup> of 2004<sup>77</sup>, the Municipal Code was reformed to revive the Fund for Housing Rehabilitation in the Historic Center, now to be managed through PPC’s own mechanisms. After this, the idea of transfer of developments rights was discarded.

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<sup>74</sup> FONREIV : Fondo para la Rehabilitación de Vivienda en el Centro Histórico

<sup>75</sup>Metropolitan District of Quito, Ordinance 3188. August, 1996.

<sup>76</sup> Personal Interview with Arch. Jorge Carvajal, director of the Housing Unit, later QUITOVIVIENDA’s General Manager.

<sup>77</sup> Published in “Registro Oficial” No.315 on April 16 of 2004,

## 5.2 PLANNING PROCESS, IDENTIFICATION OF NEEDS AND DESIGN METHODOLOGY

### Political and Planning Trends

While *Vivienda Solidaria* was still in its last phase of sales, Quito elected a new mayor. In 2000 the era of the *Democracia Popular* party that begun in 1987 with Rodrigo Paz had come to an end. General Paco Moncayo from the *Izquierda Democratica* party became the new mayor to put in practice the PGDT (2001) comprehensive plan in which the established housing policy to implement land banking and development strategy in the peripheries and to put into practice the *Pon a Punto to Casa* program in the Historic Center.

From 2003 to present the manager of QUITOVIVIENDA has been Jorge Carvajal, the same architect who managed the *House of the Seven Patios*. Carvajal and Junta de Andalucía knew each other already and were able to quickly reorganize FONREVIV program into the PPC program. At that same time similar programs were being implemented in Santiago, having begun in 1991.

The Santiago experience that I described in chapter 1 had a similar program that ran parallel to housing production in the *Comuna* area. The Chilean program, like PPC, provides credits and technical assistance to rehabilitate the *Cités*. Since 2000 the housing production methodology of QUITOVIVIENDA and ECH has been very similar to the Chilean strategy but is interesting to note that, after talking with some of the officers and

ex program managers, none of them mentioned knowing about the programs implemented in Santiago.

The background for the creation of this ordinance is stated in the *fideicomiso* document:

- It is indispensable to reinforce the Historic Center of Quito as an emblematic urban space y to recuperate its residential character.
- For this purpose, several actions had made an important advance in terms of restoration and recuperation of the Historic Center.
- Besides the public and municipal funds invested in the rehabilitation of the Historic Center, it is important to increase the participation of the private sector and to provide incentives for that participation.
- To recuperate the residential character of the Historic Center, it is important to designate funds to housing rehabilitation, involving social stakeholders in the process and to guaranteeing the necessary support to lead to action
- And that one way to achieve these objectives is to implement a program that will allow short-term loans for homeowners and renters of the Historic Center of Quito to improve housing habitability conditions.

In November 16<sup>th</sup> of 2006 this ordinance was reformed to establish the main objectives of the program:

- To contribute to the recuperation of the Historic Center as a place to live through the provision of economic credits to improve or rehabilitate housing
- To improve the quality of the housing supply in the Historic Center and to favor its property values while ensuring its preservation in the long term.

General Paco Moncayo was reelected mayor of Quito in 2004. The continuous modernization and decentralization process produced a new institutional merger between QUITOVIVIENDA and ECH into EMDUQ (Metropolitan Corporation for Quito's Urban Development). Physically QUITOVIVIENDA never moved from its original offices in the planning department building and decision making within PPC program is still done internally because they still use the same *fideicomiso* signed with Junta de Andalucía.

EMDUQ uses the commercial name INNOVAR.UIO and its office is in charge of different urban development projects not only in the Historic Center but for the rest metropolitan area as well. To illustrate the scope of their current main projects, EMDUQ is now developing the subway system that Quito is going to introduce as its new public transit system; they are also managing the program for informal settlements improvements funded with IDB credits. Today EMDUQ's responsibilities are very different compared to its initial ones with *Vivienda Solidaria*. The remaining real estate projects (Figure 22 and 23), now unaffordable to most of the Historic Center's population, are managed by a single bureaucrat. Construction processes are run through external contracts with private professionals and sales are contracted to a private company, PRO-INMOBILIARIA, all coordinated by EMDUQ.

Figure 22: “Casa Ponton” (2007)



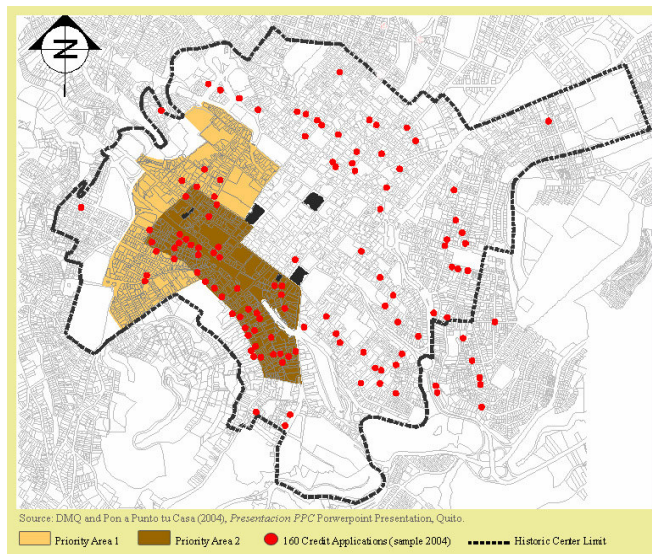
Figure 23: “Camino Real” (2007)



## Planning Process and assessment of needs

The objective of the PPC program is to rehabilitate housing in the Historic Center with a focus on the areas that are shown in Figure 23, by providing homeowners credit with a 5 percent interest rate for a period of ten years. This is low interest when compared to the minimum interest rate for housing mortgages in Ecuador, which is 12 percent. To be able to access the credit the property first needs to be among the structures catalogued as historic properties<sup>78</sup>. Satisfying this condition, the owner will be able to ask for \$8,000 dollars for each housing unit that the house can accommodate within its rehabilitation project.

Figure 23: *Pon a Punto tu Casa*, Priority Areas



<sup>78</sup> The Municipality of Quito developed a complete inventory of historic houses, documented in paper-based forms which are archived in the Documentation Center at the Planning Department Building in the Historic Center. According to Arq. Ximena Ron, PPC officer, these forms sometimes are not up to date because some homeowners have made modifications over the years. However, right now it is the only source the PPC has to determine if the owner actually owns a historic property or not.

After their credit is approved, homeowners need to find an architect that will be responsible for the rehabilitation's design and management. At the beginning of the program the PPC technical team, experts in historic conservation, had to plan and manage the process. Now situated within a market economy, owners benefiting from the program have to turn to professional help available in the private sector.

For Jorge Carvajal, General Manager of QUITOVIVIENDA, this is one of the weaknesses of the rehabilitation process because *"its hard to say, but in some way [some of the private professionals] do not have the spiritual and technical skills to accomplish the job as they should"*<sup>79</sup>. Besides the lack of interest in the properties' current residents, the program and these third party professionals may be putting the homeowners at risk of losing the historical value of their houses because of bad architectural and management decisions in their interventions<sup>80</sup>. The program provides homeowners with plenty of incentives: a two-year grace period exemption to property taxes and assistance with property ownership paperwork ("propiedad horizontal"), with the plans and with the autonomous construction permit process.<sup>81</sup>

The PPC has a Technical Committee with the responsibility of analyzing the social and economic feasibility of the client's application and of evaluating the accomplishment of the *fideicomiso's* objectives as well. This evaluation starts by

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<sup>79</sup> Personal Interview, July 2007

<sup>80</sup> Arq. Jorge Carvajal General Manager of QUITOVIVIENDA, said he thinks that it would be good to consider some kind of special training and professional certification to be able to work in historic structures.

<sup>81</sup> In order to facilitate the rehabilitation process the program provides its own construction permit, avoiding the review process of the Historic Center Planning Commission and the construction inspection that the new permit process of Quito requires. The disadvantage of this incentive is that, because construction activities do not get registered on the same new and modern municipal system, it would be

assessing the capacity of debt that the client can afford that, while considering other economic factors of the household finances, is based primarily on the value and potential of the property.

According to Ximena Ron, architect and program coordinator, the potential of the property is measured according to how much the clients can increase their earnings by renting the new apartments in the rehabilitated houses: *“if a property in its moment gave the owner a total of \$150 dollars [per month] by renting the single rooms, now they have the possibility to increase that income as an income that can help to pay the credit. ...Because one of the objectives is that the house get paid by itself, I mean with the apartment’s leasing”*<sup>82</sup>.

Clearly, there is no intention or policy to find a formula to help all or some rental prices to remain affordable to the common residents that, as we saw before, are in the majority on or below the poverty line.

Another striking bit of data is that, from a study contracted by QUITOVIVIENDA<sup>83</sup>, less than half (44.6 percent) of surveyed owners mentioned that there are good possibilities for renting the new rehabilitated apartments in case they participate in PPC program, while 22.5 percent mentioned that there is no possibility at all, and 34.1 percent said they had slim possibilities of renting. Homeowners have their own understandings of rent demand in the Historic Center and, as these results show, they

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hard to measure strategic outcomes and outputs of the program in terms of its overall influence in the historic center development.

<sup>82</sup> Personal Interview in Spanish on August 2007, translation by the author.

<sup>83</sup> Survey analysis: “Evaluación de Concepto “Pon a Punto tu Casa”, made by DATANALISIS: Investigacion de Mercados.



are skeptical of how possible it is to find renters willing to pay higher prices in order to make the renovation a profitable business.

This same study recommends that the program do a market analysis of rent demand to be able to help landlords promote their new apartments. Is the program indirectly and unconsciously promoting the current renting residents' displacement? Is it promoting gentrification? How is the PPC calculating the house price-rent ratio and the gross rental yield? Has the program proved economically feasible and appropriate for this context? Tim Butler's (1997) argument about gentrification is that it might be based not solely on housing demand, but is rather "a phenomenon deriving from the supply of housing opportunities arising out of the operation of the urban land market (p. 41)".

Following this argument (see also Ward 1993) as well the local reality of the Historic Center, gentrification is not a tendency created only by consumer preferences but is structured by policy and development plans for a new housing supply whose market, in the specific case of Quito, it not yet clear.

I was able to interview several clients that used PPC credit to fix their houses and their stories help to fill in some of the details of how the program has worked. One client did not have to evict his tenants because the rehabilitation was not extreme enough to force him to ask people to leave, and as he put it, "they have known each other for so long and they understood about the nuisances that rehabilitation would cause them"<sup>84</sup>. I asked if he had to raise the monthly rent price and he said he did not. In this case renovation did not lead to displacement, but it did not lead to increased income for the owner either.

I had a phone interview with another PPC client who had a different experience, and contrary to the last conversation, this client told me that he is living by himself in the house since the new, remodeled apartments are difficult to rent because *“everybody comes wanting to pay \$50 and \$80 (per month) and I do not have rooms at that price anymore”*. In this case, the grace period that the PPC program gives to clients like this one creates a real market lifesaver until he or she can find some people that can afford the rent price. The interviewee did not want to tell me how much more was he asking, but data I collected at the PPC offices<sup>85</sup> shows that the median monthly rent price after the rehabilitation was \$143.42 with a median upfront deposit of \$260.15.

There is no data on rent prices before the rehabilitation process in houses that had tenants, however looking at the \$87 medium rent price from the previously mentioned study, this means that on average renovated properties’ rents are \$ 56.42 more expensive than before, or 65% higher than the neighborhood average. PPC is putting a burden on the Historic Centers’ tenants by raising rent prices while forcing homeowners to raise prices in order to finance their remodeling projects.

### **5.3 PROGRAM OUTCOMES**

From the same study mentioned before, out of a sample of 213 interviews of homeowners it was useful to identify a total of 96.4 percent of properties that had some residential use. From that portion, 44.8 percent of owners had both resided in the property and rented housing units there, while another 9.1 percent share housing through unpaid or

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<sup>84</sup> Phone Interview, Caso # 1, 2004.

<sup>85</sup> Spread sheet from the program assistant. File name: “seguimiento y evaluacion PPC.xls”

informal arrangements. The PPC keeps records of the application forms of loan holders, which describe housing characteristics by asking owners to specify their property's uses: personal, for renting, both personal and renting, or other arrangements.

The application form does not keep records of received rental income, if there was any, and so there is no systematic way to calculate fair price-rent ratios or a gross rental yield in order to have records from which to systematically evaluate the policy. One of the expected results expressed in one PPC presentation was “to increment the price of the property and rent incomes”. But there appears to be no stated limit on how much rents can increase to maintain a fair market without speculation. Since census data shows that the majority of owners who rent out their properties in the Center are relatively low-income people, how does the PPC assist these small landlords to calculate the new rents to an affordable rate without pricing them out of the market?

Displacement occurs because of real constraints on these projects of architectonic rehabilitation and the on the possibilities of their results. First, the idea is to provide better housing conditions by producing less crowded units while preserving historic structures. Therefore, for example, if a house had six single rooms for rent to six different households, after the rehabilitation half of those households would have to find a different place because the new house will allow just three remodeled small apartments, in compliance with Quito's architectural norms. The project has kept no records of renters showing who is able to stay and who is not because of these changes in rental

price affordability and rental unit availability.<sup>86</sup> The response of program officials to questions about this issue is that most of the houses are not occupied to start with, but there is no information on how many properties had previous tenants, which is not recorded on the application form.

The program coordinator Ximena Ron mentioned houses are in overcrowded or deteriorated conditions or are being used for storage, emphasizing the positive factor of having new residential units in the cases when the property was unused. The other positive outcome is the opportunity to upgrade housing stock for a safer and more sustainable central city. Visual contamination, structural safety, better indoor air quality, and more efficient and new materials for water and sewer services are several of the potentially good outcomes of the PPC program (Figure 24). Sometimes it seems that no one is worrying about the issue of resident displacement because houses are really changing back to residential uses after being abandoned or used in other way.

Considering that these renovated units are not counted in the City's building permit system, nor is there a record of if they were previously rented, it is difficult to know how many new units are entering into the Center's rental market. The records count neither lost units nor new units deriving from renovation. With respect to the issue of loss of residents and affordable units, the officials I interviewed did not deny that sometimes there have been difficulties with displacement of renters after houses are rehabilitated

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<sup>86</sup> According to the tenements rights establish by a national law landlords should give a three month period of time to allow tenants to find a new place after the contract is due, that if there is a contract signed which is not generally common. (Gilbert, 1993)

with 5 rental apartments instead of 10 single rooms for rent, and they also suggested that the municipality should take responsibility for addressing those issues.<sup>87</sup>

The loss of affordable units is not a good externality of this subsidized business, and is simply returning responsibility to the government for providing affordable housing for the low income population. The lack of a policy for maintaining or replacing the affordable rental housing seems to be evidence that the primary intention here is to support the residential use of the Historic Center mainly for owner-occupied housing units and not specifically for renters.

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<sup>87</sup> Personal interview in Quito, August 2007.

Figure 24: “*Pon a Punto tu Casa*”, Sample Project



Owners use credit mainly for the following elements of their historic houses: 63.8 percent do roof repairs; 42.7 percent make electric and sewer repairs; 37.1 percent to build bathrooms and kitchens; 37.1 percent increase structural reinforcement; 33.8 percent to rehabilitate *patios* and *zaguanes*. This is the positive side of the program, showing that it has the strength to distribute a public subsidy that drives renovation and helps move the local economy.

Local professionals and local business are benefited by the construction activity, which is well-known as a good economic multiplier in a market-based economy. Until 2006 the program provided credit to rehabilitate 78 properties, representing 261 housing units with a total investment (by private owners and with PPC credit) of 2.07 million dollars. However, the Historic Center's conditions of concentrated poverty and the possibility of resident displacement emphasizes that it also "needs social investment not as a complement or compensation, but as a strategy of social development" (Carrion, 2007p.52) to be consisted with the social policy included in the planning rhetoric and in confronted in terms of real and current social constraints.

When policies are oriented by ideas of a market-based economy or a neoliberal approach, public intervention is justified when a public good needs to be regulated in order to guarantee its use for public benefit. Public intervention is also justified when there is a market failure. The Historic Center of Quito, as an emblematic urban area of the country, should be considered a public good that is experiencing market failures because of its unsatisfactory affordable housing provision for the majority of its residents. The public-private entrepreneur called PPC is providing a subsidy to homeowners and considers the resulting rental prices increases to be an acceptable outcome. Houses stay

empty because more upscale renters are reluctant to move to the Center due to its reputation as a lower class and indigenous neighborhood with dilapidated buildings and high rates of crime and poverty. In this case neoliberal solutions based on credit and the market may not be producing the desired effect for most stakeholders.

## **5.4 CONCLUSION**

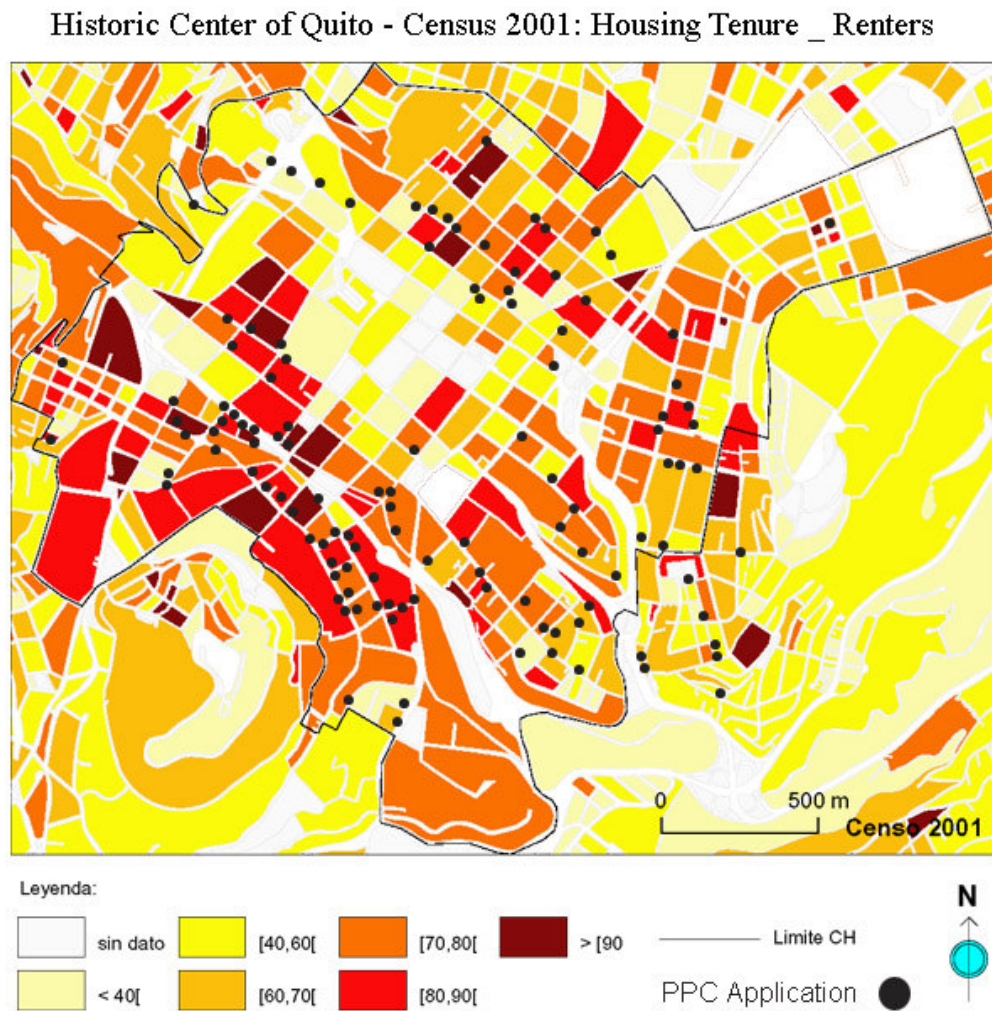
The Historic Center of Quito continues to be subject to policies that are implemented with the goal of an ideal desired state of neighborhood rehabilitation. Even though there are some divergences in the different visions of what kind of Center we want to create (Carrion, 2007), Quito's Center and the larger metropolitan area have a comprehensive plan that is in place to guide policy implementation through the use of the different planning tools which need to be revised. In a neoliberal city that follows current global trends, one of the different mechanisms for financing and managing programs is through 'Public-private companies', in which private developers manage public funds, allocated to them by the government for an expected public benefit.

PPC is one good example of such a strategic program for housing rehabilitation managed and implemented under this public-private method, and of the different contradictions and complications that can arise from such programs when the social goal is neglected. The main goal of the program is to provide better quality housing in the Historic Center in order to maintain and improve its residential use as part of an integral rehabilitation (Figure 25). By assisting homeowners to improve their properties and potentially their landlord business, the program is serving only the 23.95 percent of the resident population who are homeowners that live in the Center. The rest are renters and



sharers who are not only missing in the policy part of the program but who also are being affected by one of the externalities of the program, the factor of increased rental prices.

Figure 25: Housing Tenure-Renters and PPC applications' Map



What is the subject population that most benefits from subsidized low interest credit? Who is being affected by the negative externalities produced as side effects of the improvement of housing stock? How will the public-private corporations and the municipal government respond to the population's need for affordable rental housing and to the loss of rental housing units?

If this is to be a market-oriented program, it needs to include some more progressive and socially-oriented policies parallel to its market-based principals, because the market alone is not replacing the loss of units. Gilbert (1993) has mentioned that “incentives to private landlords may worsen the distribution of incomes (p.158)” and he suggests that “encouragement for rental housing has to be considered as part of a much wider social and economic strategy” (p. 158). The *Historic Center of Quito-Census 2001: Housing Tenure Renters'* map shown above illustrates that most of the PPC applications come from the residential areas that are more densely occupied by renters.

The importance of rental housing has not really been elaborated on in this report; however studies have argued that the existence of centrally-located accommodation is a necessity for many households and to ignore it is a kind of planning irresponsibility (Gilbert, 1993). “Renting has to be recognized as both a respectable and a necessary housing option (Gilbert, 1993 p. 158)” and as an important and ‘traditional’ or maybe already ‘historic’ function of the Center.

The ways in which public initiatives and private interests can exist in a complementary fashion are difficult to define and should be part of a broader future research. To achieve this, the program needs to be fully evaluated in order to come up with a better formula for accomplishing all of its strategic objectives without leaving old

renting residents behind. Knowing that there is a widespread deficit of housing in the larger metropolitan area, where are these displaced people going to live in the long term?

If prices for the almost 70% housing units in the Center that are rental properties keep rising, the population that is now renting at the affordable prices will have to find other places to live. The loss of old housing units that are in poor condition needs to be measured because the city housing market will need to replace units, if only in other parts of the city, to prevent an overall decrease in rental units. Remembering one of Pareto's criteria helps us to think about the problem: *"if at least one person is better off from a policy action and no person is worse off, than the community as a whole is unambiguously better off for the policy"*<sup>88</sup> PPC is not meeting the Pareto criteria, since it is leaving to many people worse off, while its benefits are ambiguous.

"Smart Growth" ideas for growth management suggest that city planning should ensure a diverse supply of housing opportunities affordable for different income levels. The PPC program can be indirectly improved by the formulation and application of an inclusionary housing policy for the historic center area first and later it can be expanded to the whole metropolitan area. The performance of the PPC program needs to be improved. It is not expected that the program itself will address the housing needs for the low income population of the Historic Center of Quito but at least it should not decrease housing opportunities in the area as a whole without considering the consequences. The following chapter of this report is the concluding section that proposes ideas to create the most promising housing policy for the Historic Center of Quito based on the past experiences analysis and knowledge of how to create a comprehensive housing policy

that promotes inclusiveness of the low income people that now live or would like to live in the Historic Center.

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<sup>88</sup> Mikesell p.14

## **Chapter 6: Conclusion**

Housing policies in Latin America, including Quito, have shown similarly evolving trends around the region, especially during the 1990s when global economic strategies changed towards neo-liberal policies and state restructuring meant modernizing services while incorporating the private market into the provision of public services and goods. In this context, social policies including housing have proven necessary to provide housing opportunities to satisfy lower income housing demand because private real estate companies are not interested in this market niche.

Current national housing policies in Latin American cities have for the most part been oriented around land development or land regulation benefiting low income households. These types of policies are providing some housing opportunities that lead to home-ownership, especially in the peripheral areas of the city. But it cannot be assumed that all housing needs are satisfied and all problems are solved by home-ownership. In the meantime rental housing has remained neglected, ignoring the fact that a significant portion of population may choose<sup>89</sup> that option. In this concluding section I argue that rental housing should be taken into account as part of a city's housing stock, and that to ignore it is a planning mistake; "renting has to be recognized as both a respectable and a necessary housing option (Gilbert, 1993 p. 158)"

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<sup>89</sup> *Choices* vary depending on economic trends and on how the housing and land markets work in a particular city but also on other social and political conditions should be taken into consideration.

In Quito, for example, the 2001 census shows that 41.6 percent of total housing units are rented while 7.6 percent are shared<sup>90</sup>. In the Historic Center the renters' share remains stable at 70 percent after almost 10 years of implemented programs aimed at increasing homeownership opportunities in the Historic Center of Quito. As Carole Rakodi (1995) mentioned, the capacity to choose any type of tenure or to move from one type to another depends on the existing resources that households have and on the particular situation of an urban area.

As housing policy trends evolved in Latin American cities, so did the theme of historic center rehabilitation, seeking strategies for improving the inner city and promoting the historic areas for tourism. Even though some regional meetings such as one in Quito (1977) or another in Havana (1993) linked Historic Center redevelopment to more global processes, regional cooperation is not yet strong enough to open up communication paths that would truly take advantage of different global ideas and be able to learn from other regional experiences. During my interviews I always asked the program managers if they knew about or had had the opportunity to learn about how other cities were developing similar programs; the majority of program managers said no.

Hopefully, now that Quito is planned to be the seat of the new organization of Latin American cities with historic centers, OLACHI<sup>91</sup>, communication about both housing policies and historic center rehabilitation will be improved. There have been many different pilot program experiences around the region, but these have not helped us understand the best approach to problems and they seldom expand beyond the pilot stage;

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<sup>90</sup> Ecuadorian census for type of tenure is divided among owners, renters, free (shared), for services (ie: domestic servants), and others. The data above includes the 'free' and 'for services' data together.

rather, they tend to be discontinued and replaced by other programs. In the case of Quito, out of the three experiences that were analyzed in this report, two of them were implemented between 1990 and 2003 while the only ongoing program began in 2003.

This report examined the implementation of three programs, (1) *House of the Seven Patios*, (2) “*Vivienda Solidaria*” and (3) “*Pon a Punto tu Casa*,” in the context of Quito’s overarching planning and development strategies. The examination of the planning and social policies behind the programs is useful for drawing some conclusions about the current state of housing development for the low income population’s needs.

The objective of this section is to answer the main research question by proposing some thoughts about what can be learned from previous experiences, to be used in the formulation of a comprehensive housing policy that will be the guideline for implementing any housing program and for improving the current one. In order to propose recommendations for current policy, this report analyzed available data on present<sup>92</sup> population conditions and drew lessons from previous experiences that might apply to these specific conditions.

The case study of the Historic Center’s urban conditions demonstrates that out of the total 50,982 people, 21.2 percent of households are classified as being in conditions of poverty, with 3.2 in extreme poverty and a full 80.9 percent at the ‘poverty line’<sup>93</sup>. It is striking to realize that the majority of the Center’s population is not only impoverished but also young, with the largest age group between 19 to 30 years old ( Figure 26).

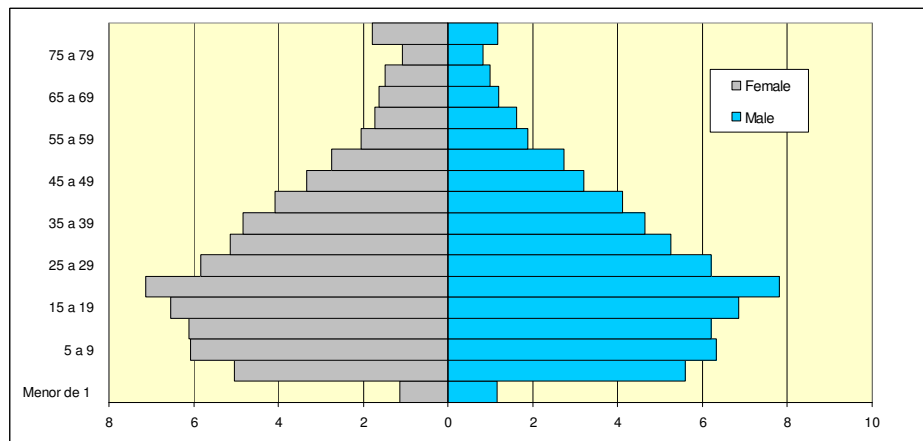
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<sup>91</sup> Organización Latinoamericana y del Caribe de Centros Históricos

<sup>92</sup> However, most of the data is based on the Ecuadorian Census made in 2001.

<sup>93</sup> ‘Poverty line’ (Linea de pobreza) is defined by as households with incomes that are low but enough to afford the basket of goods.

Figure 26: Population Pyramid, Historic Center of Quito.



Source: Data from DMQ, 2007.

The median monthly income of the population is \$202.65, which means that an affordable monthly rent or monthly mortgage payment cannot be more than \$50 dollars if we consider that 30 percent of income spent on housing is reasonable.

The demographic data helps to frame some points of departure for the policy recommendations. The idea of a comprehensive housing policy is to tackle different social needs by regulating the real estate market and helping it to meet housing demand, or also by providing direct subsidies to the demand side. Either way, policy should specify a priority population group. This report recommends that priority should be placed on the people who make up the majority of residents of the area. Much of this population is made up of young people who are low income and who may choose to rent single rooms because of details that should be further investigated, but that presumably correspond to part of their 'life cycle' (Turner 1976) as well as to other factors that are hard to define as a uniform pattern of choice or constraint (Gilbert, 1993; Gilbert and Varley, 1991; Turner 1976). Factors such as (1) income, (2) family obligations, (3)



housing location and condition and (4) security of tenure influence a household's choice of a particular form of tenancy<sup>94</sup>.

Some of the young population might be couples with or without children, some might be singles or students, but all together they occupy approximately 10,821<sup>95</sup> rental units. As Hardoy (1992) mentioned, the preservation of urban historic heritage as an element of our culture “demands putting in first place the creation of adequate living conditions for the resident population and protecting the comprehensive vitality of the Historic Center”. Adequate living conditions mean not only housing, but also services and facilities that complement housing conditions. The concept of adequate living can take rental housing into account as a solution without assuming that families or individuals are always economically or socially ready to become homeowners.

The Ecuadorian census does not ask about household income, monthly price or monthly mortgage payments. The “*Survey of Living Conditions 2005-2006*” asks about incomes and rent prices, but the sample for the Historic Center was too small to be truly representative. It is difficult to design an accurate comprehensive housing policy without having a deeper understanding of the economic details of the Historic Center's residents. However, because this is not a definitive policy report, I can use the data available in order to draw some conclusions about the analyzed programs while recommending ideas for future official policy formulation, keeping in mind the priority placed on low-income current residents.

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<sup>94</sup> It is important to consider that low income renters or sharers of central urban areas have different choice dynamics than do those living in ‘self-help’ peripheral areas.

<sup>95</sup> Total number of housing units is 16,313, but the total of occupied housing units is 15,459. 70 percent of those units are rented, equaling 10,821.

This thesis emerges at a time when the redevelopment of the Historic Center of Quito is a current and ongoing process. Beginning in 1990, the Municipality started to implement pilot housing programs while searching for the best approach to deal with the housing problem.

The *House of the Seven Patios*, a single house converted into a condominium, is an example of a pilot intervention that, although it did not include clear financing methods or purposes in advance, did have a strong social commitment. The socio-economic research about the re-housed renters proved the program's intention of accommodating the project to this population's needs. But knowledge about their socio-economic conditions did not help planners to develop a sustainable method to provide them access to ownership without over-using public funds. Residents of the *House* had to adjust to changing strategies that hindered both the efforts of the co-property-owners' organization and financial return for the Municipality.

A more comprehensive program, *Vivivenda Solidaria* incorporated different local, national and international institutions with clearly-formulated guidelines to target social goals and to maintain the units affordable; however, this program was negatively affected by changes in management and contributed to the speculative real-estate market in the Historic Center. The success of the program is that it produced mixed-income affordable units and produced financial returns that allowed the Municipality to reinvest in other properties. The failure of the program is that although the mixed-income "*solidaria*" policy required the project to be accompanied by a social component to help co-property-owners create community and to prevent overcrowding, the social component was only implemented during phase one, and was discontinued for most of the project. The main

failure characteristic is that the program did not lead to policy to ensure its sustainable implementation in the Historic Center of Quito.

*Pon a Punto tu Casa* is a financing program restricted to housing rehabilitation, not housing creation, emphasizing the importance of heritage conservation of the built structures and detracting from the larger social goal of addressing the housing need. The success of the program is that it is locally managed and is helping to improve the old rental housing stock. The failure is that management methods are not producing information to evaluate outcomes; therefore, unawareness of PPC externalities are causing an uncontrolled disappearance of a number of rental units that were affordable for the low-income resident of the Historic Center.

In the current comprehensive rehabilitation plan, the only strategic program which attempts to address real housing needs is the PPC program. As I illustrated before, this program is not sufficient, nor is it the right venue, to address real housing needs. This thesis suggests that housing needs in the Historic Center of Quito need urgent attention and need to be addressed through a comprehensive housing policy that will guide program intervention. Before land becomes too expensive, and before population displacement becomes a bigger metropolitan housing problem, policymakers in Quito need to initiate discussion about the housing issue.

Quito's comprehensive plan for the Center is missing urban and socio-economic guidelines for framing housing needs and specifying how are they meant to be addressed. Housing policy design is not housing program design. Since the 1990s, the Municipality of Quito's planning department, along with MIDUVI, QUITOVIVIENDA, ECH, EMDUQ, FONSAL, Junta de Andalucía, IDB, and Pact-Arim, would have been able to

use a policy every time they sat down to figure out what to do in terms of housing, rather than re-inventing strategies each time. The next section provides specific recommendations for the development of the new and creative comprehensive housing policy.

## **6.1 RECOMMENDATIONS:**

Considering local socio-economic and institutional needs to create and manage a comprehensive housing policy, this thesis recommends the incorporation of the following topics:

### **a. Urban Economics**

#### **Balanced economic activities:**

- A tourist historic city that is beneficial to the metropolitan area needs to ensure a balanced urban environment. The equilibrium of economic activities goes along with policies for protecting the stability of local businesses and balancing them with the new economic activities entering the market of the tourist historic city. Economic activities in the Center are the main source of employment, recreation and affordable shopping for people that are living or that would like to live in the same area. To cite the view of an international specialist, Francesco Lanzafame<sup>96</sup> argues that the focus of a policy, besides on housing production for the low-income and middle-income population, needs to on be the equilibrium of economic activities in order to prevent social disparity and segregation.

The comprehensive housing policy should regulate commercial spaces of new buildings, creating guidelines for specific space characteristics and uses that support this goal of economic equilibrium. Along with physical space and use regulation, people that work and live in the Historic Center should have incentives to purchase or rent a home in the same area.

**b. Municipal Powers:**

**The right of eminent domain to create a bank of properties:**

- The comprehensive plan PGDT (2001) suggests that the Municipality has the responsibility of maintaining urban historical sites and culture. The right of eminent domain is a key Municipal tool that needs to be applied within the Historic Center's housing policy to build a bank of properties, using the same strategy as land banking. The *House of the Seven Patios* and *Vivienda Solidaria* are both good examples of how the Municipality can enforce its powers in the name of the public good.

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<sup>96</sup> Housing and Urban Development Specialist, IDB Washington. Personal Interview, November 29<sup>th</sup>, 2007.

### **c. Information:**

#### **A geo-referenced housing stock monitoring systems:**

- The bank of properties, along with complete census and land use data, should be tied to a geographical information system to create an urban laboratory to be used to identify areas for redevelopment, as in the case study of Cuzco. This system should be online and accessible to the public so that private developers and homeowners can search it and understand the state of the housing stock and the housing market of the Historic Center. To reiterate what a local developer and Historic Center stakeholder, Pedro Jaramillo mentioned<sup>97</sup>, there should be a system to control property appraisal speculation and this should be a Municipal role. I argue that the ‘geo-referenced housing stock monitoring system’ should include municipal appraisal to maintain the market informed and to protect consumer rights against land and property speculation that makes more difficult the production of affordable housing units. Jaramillo proposes that if the monitoring system detects an overpriced unit, the housing policy should give the Municipality powers to be the first purchaser of the property, which can go to the bank of properties. He mentioned that this method is currently working well in French Historic Centers.

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<sup>97</sup> Personal Interview, August, 2007

**The production of an annual housing needs assessment report:**

- The comprehensive housing policy should designate an agency responsible for developing and annually updating a housing need assessment report according to population growth and economic changes. Either QUITOVIVIENDA or EMDUQ should to be the agency responsible for providing this document, which should be a public document in which income thresholds of policy beneficiaries will be defined and which specifies other housing market indicators that a healthy market needs. In order to have access to local or national funds and grants, affordable housing non-profits, local developers, community-based programs, or any other organization, should comply with EMDUQ's housing needs assessment report. The report should also inform the system of building permits in order to maintain a shared data base for the geo-referenced monitoring system.

**A demand database:**

- Lessons from the Santiago case study suggest that both *House of the Seven Patios* and *Vivienda Solidaria* lost the opportunity to create a comprehensive list of households interested in housing units in the Historic Center. The policy should ensure that this database is accessible to the public for private developers, community-based organizations and any other institution that would like to do a housing market analysis to start a project. Housing producers need to know economic and family configuration details to design a product that reflects the real demand.

**A method of communication:**

- The communication component of housing policy and programs is the key for achieving a smooth and efficient process. Tenants of RECUP-BOCA, PRHP, ReHa, *Vivienda Solidaria* and *House of the Seven Patios* decided to get organized as a community of neighbors. In several cases in Quito, tenant organizations' letters about both the *Vivienda Solidaria* and *House of the Seven Patios* projects expressed misunderstandings and suspicion that the signed agreements would not be complied with. The name of one organization "Comite Pro-defensa de Vivienda"<sup>98</sup> ["Committee for the Defense of Housing"] demonstrates that the organization was formed because of a perceived need by the residents to defend themselves against the threat of displacement. The housing policy of the Historic Center should specify methods of communication and what type of media strategic programs should use to communicate with prospective owners or renters.

**A guideline for international cooperation agreements:**

- International cooperation from Spain and France (Junta de Andalucía and Pact-Arim) has been an important resource for funding and for program implementation. These agencies' knowledge and experience in construction and in architecture could be a valuable support for the next strategic programs. As Carrión (2007) mentioned, this cooperation needs to be based on strong locally-developed policy in order for it to be sustainable.

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<sup>98</sup> Complete name: Comité Pro-Defensa de Vivienda de las Calles Caldas y Briceño.



#### **d. Sustainability:**

##### **A sustainable agreement with the national government:**

- Both the *House of the Seven Patios* and *Vivienda Solidaria* were built on a social policy that incorporated direct national subsidies (SIV) to facilitate access of low income renters to homeownership. Not all applicants benefited, however, because even though some households qualified for SIV down payment subsidies, they did not meet the requirements of financial institutions. Some were not able to find access to mortgages in order to pay the remaining balance. The policy should ensure a sustainable agreement with the national government to guarantee cooperation and SIV subsidies to complement local the local programs. The agreement should be based on the annual housing needs assessment report that EMDUQ needs to develop to set up annual funding thresholds and the policy should take advantage of the SIV national policy for part of its funding. Presently, this program is funded locally, no longer with IDB loans. With the inclusionary zoning or inclusionary housing policy working together with the national government, some units of new housing condominiums within private or public developments can be designed in order to meet SIV requirements and to be sold with SIV subsidies. Units for sale need to be priced within the range of \$12,000 to \$20,000 and SIV holders need to be from quintiles 1, 2, and 3, which would mean a household income of \$600 a month or less.

**An agreement with financial institutions:**

- A housing policy discussion should take into consideration what financial institutions consider to be the problems faced in providing credit and should recognize that home ownership is not always *the* housing solution. This is especially true in Quito's Historic Center where the majority of the resident population has informal employment. Without a continuous income to demonstrate financial stability, financial institutions are reluctant to recognize an individual's ability to meet mortgage payments. The definitive policy should incorporate guidelines to share the mortgage responsibility with MIDUVI or EMDUQ so that low and middle income residents can have access to credit.

**The methods for flexible and free association:**

- The diversification of resources and cooperation agreements was a good lesson learned from the *Vivienda Solidaria* program and the other case studies from the region. Inter-institutional agreements for incorporating different mechanisms to administer and to finance the programs resulted in improved, sustainable management through the sharing of social and institutional responsibilities. The policy should ensure the precise mechanisms by which housing providers and other agencies will be required follow when associating with the purpose of building housing in the Historic Center.

**An open dialogue with the community:**

- The sustainability of these housing policies can be addressed by incorporating the public during the policy formulation. The idea that each new mayor has the sole authority over stopping or continuing a program should be changed. The public, local and metropolitan users and residents of the Historic Center need to be involved in the policy formulation process in order to become the legitimate guardians of a desired housing policy and housing systems. The community should design the policy to define how participation will happen in a ways that keeps the policy goals and objectives updated and safe.

**A sustainable source of funding for research:**

- In the short term, follow-up studies need to be developed, especially related to housing stock and family socio-economic conditions. The next Census will be in 2010 and appropriate census questions should be prepared in order to take advantage of the government's effort. In the long term the comprehensive housing policy could create a source of funding to encourage local and international academic research, which is always necessary in order to learn more and to discover pitfalls and outcomes that should be improved. The policy should ensure that the research that is developed is independent, so that researchers are not tied to any agency's obligations or philosophies. A research fund could annually establish different topics of interest depending of the local needs.

#### **e. Inclusionary Housing Market**

##### **An affordable rental housing stock:**

- Rental housing is often a better option than ownership for residents with the economic characteristics of a very low income population. The ‘annual housing needs assessment report’ will calculate the necessary number of units, with certain characteristics (number of rooms, location within the house) that the private market and public-private developers should continue to make housing available to people from a range of different households incomes. One solution for those households that cannot meet the rental market price of unsubsidized units is that the policy can consider the creation of a local rental voucher policy for low income residents. The US federal government Section 8 is a project-based voucher program that provides subsidies to ‘qualified’ families so that they can meet a monthly rental market price. Such a policy should guarantee a stable and accessible rental housing stock and should incorporate the small landlords who are owners of apartment-historic-houses to accept vouchers. The policy should also define what socio-economic characteristics define a ‘qualified’ household.

##### **An inclusionary zoning policy:**

- The negative externalities of the PPC should be addressed by considering Inclusionary Zoning policies or Housing Unit replacement programs. However, private owners and developers need to be an important part of the Historic Center’s housing goals. An ordinance should enforce the concept that for every

affordable unit removed during rehabilitation, an additional unit should be provided for those residents, preferably in the same area. Inclusionary Zoning can be an effective policy for the provision of affordable units in new constructions or rehabilitated buildings by the private market, either for ownership or for rental purposes. The incentive of PPC's low interest rate credit could be an enforcement tool of such policy. Inclusionary Zoning can provide guidelines for the location of the affordable units within the building. For example, the selected unit that will remain affordable during a period of 10 years will be located on the first floor allowing the first choice (to rent or to own) to low income elderly residents. Small landlords can identify an applicant's income compatibility through the existing identification method of the national government (SELBEN)<sup>99</sup>. Recipients of these vouchers should be 18 years or older<sup>100</sup>, and with incomes of 80% or less of the monthly area median income<sup>101</sup>. With the data available, that would mean a monthly income of \$162.12 or less.

### **An architectural code and norms adapted to local needs**

- If a historic house is rehabilitated, alternatives to traditional family-sized units such as creating one or two bedrooms units need to be considered, but this should not be the only type of housing unit developed. The architectural norms for the Historic Center need to be revised to include the remaining laerge single rooms as efficiency units. This is a well-known housing type built in both the U.S. and

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<sup>99</sup> SELBEN: Sistema de Identificación de Beneficiarios de Programas Sociales; *Sistem of identification of Social Program's beneficiaries*

<sup>100</sup> In Ecuador, a legal adult is an individual over 18

Europe for single young adults or for the elderly, for example. The idea is to use the demographic data to match housing needs while allowing increased flexibility in architectural design.

### **A right to an affordable and safe relocation**

- Both *House of the Seven Patios* and *Vivienda Solidaria* had the social policy to re-house the resident rental population during the rehabilitation process. *Pon a Punto tu Casa* should amend the *fideicomiso* and ordinance 015 to incorporate that social component, even though the rehabilitation is done privately. Small landlords and renters should know about leasing rights, responsibilities and obligations. The comprehensive housing policy should specify clear methods for ensuring renter's rights and clear procedures in the case that a house's renovation requires evicting too many families at the same time.

With this collected information, supplemented by additional research regarding opportunities and constraints for the development of a comprehensive housing policy, I recommend the creation of a Housing Task Force<sup>102</sup>. This task force should include all key stakeholders in order to initiate the official policy formulation and decision making.

The need of a comprehensive and detailed planning direction to meet housing needs in the Historic Center situates the Municipality of Quito as the responsible agency

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<sup>101</sup> Area Median Income (AMI) calculations is an established and common method used to address housing affordability standards in the United States. The primary difference is that in the U.S., these calculations are made using yearly income data and in Ecuador, this would have to be done with monthly data.

<sup>102</sup> A task force is a temporary group of people that sit together to solve some established topic. Task forces can work for a short period of time like a month or longer periods like semesters, or a year. The period of time would depend of the required and available data that will informed discussion or conflicting dialogue that complicated decision making.

for facilitating the policy discussion. This report is a modest guideline for beginning the local dialogue.

## Appendix A

Table 3.2.6: House of the Seven Patios, Construction Details

House of the Seven Patios -1993				
Construction Details				
Housing Unit	M2	Number of Rooms	Number of People	Hab/M2
1	75.76	3	5	15
2	85.26	4	6	14
3	65.70	3	5	13
4	36.34	1	2	18
5	62.07	2	4	16
6	48.22	1	2	24
7	50.91	2	3	17
8	59.07	2	4	15
9	49.35	2	4	12
10	37.79	1	1	38
11	56.93	2	3	19
12	33.18	1	2	17
13	53.17	2	4	13
14	49.02	2	3	16
15	37.89	1	2	19
16	33.90	1	2	17
17	35.81	1	2	18
18	78.94	2	4	20
19	59.81	2	4	15
20	143.69	4	7	21
21	119.90	4	7	17
22	93.18	4	6	16
23	90.11	4	5	18
24	95.54	3	4	24
25	100.79	3	5	20
26	68.64	2	4	17



27	79.29	3	5	16
28	120.61	3	5	24
29	65.03	1	2	33
30	86.36	2	4	22
31	103.53	3	6	17
32	91.67	2	4	23
33	80.99	3	5	16
34	99.17	3	5	20
35	52.36	1	1	52
36	128.53	3	6	21
37	114.13	3	6	19
38	100.43	3	5	20
c.1	22.15	0	0	0
c.2	20.95	0	0	0
<b>Total</b>	<b>2,886.17</b>		<b>154</b>	<b>751</b>
<b>Average hab./m2</b>				<b>20</b>

Table 3.2.8: *House of the Seven Patios*, Sales Prices

House of the Seven Patios (2005)									
Sales Prices Calculation with Subsidies									
Housing Unit	M2	Construction Cost* (1993)	Net Cost (1994)	Subsidized Cost	Subsidy Percentage	Monthly Payment (1995)	Number of Years	Tax Relief	Total Monthly Payment
1	75.76	26,352,661	53,971,424	26,985,712	50%	112,440	20	26,986	139,426
2	85.26	29,657,179	60,739,224	30,369,612	50%	126,540	20	30,370	156,910
3	65.70	22,853,351	46,804,680	23,402,340	50%	97,510	20	23,402	120,912
4	36.34	12,640,651	25,888,616	17,345,373	33%	96,363	15	23,127	119,490
5	62.07	21,590,677	44,218,668	29,626,508	33%	164,592	15	39,502	204,094
6	48.22	16,773,038	34,351,928	23,015,792	33%	127,866	15	30,688	158,553
7	50.91	17,708,738	36,268,284	18,134,142	50%	75,559	20	18,134	93,693
8	59.07	20,547,145	42,081,468	28,194,584	33%	156,637	15	37,593	194,229
9	49.35	17,166,101	35,156,940	23,555,150	33%	130,862	15	31,407	162,269
10	37.79	13,145,025	26,921,596	18,037,469	33%	100,208	15	24,050	124,258
11	56.93	19,802,759	40,556,932	27,173,144	33%	150,962	15	36,231	187,193
12	33.18	11,541,464	23,637,432	11,818,716	50%	49,245	20	11,819	61,063
13	53.17	18,494,865	37,878,308	25,378,466	33%	140,991	15	33,838	174,829
14	49.02	17,051,313	34,921,848	17,460,924	50%	72,754	20	17,461	90,215
15	37.89	13,179,912	26,992,836	18,085,200	33%	100,473	15	24,114	124,587
16	33.90	11,791,912	24,150,360	12,075,180	50%	50,313	20	12,075	62,388
17	35.81	12,456,294	25,511,044	12,755,522	50%	53,148	20	12,756	65,904
18	78.94	27,458,805	56,236,856	37,678,694	33%	209,326	15	50,238	259,564
19	59.81	20,804,550	42,608,644	21,304,322	50%	88,768	20	21,304	110,072
20	143.69	49,981,704	102,364,756	68,584,387	33%	381,024	15	91,446	472,470
21	119.90	41,706,496	85,416,760	42,708,380	50%	177,952	20	42,708	220,660
22	93.18	32,412,104	66,381,432	33,190,716	50%	138,295	20	33,191	171,485
23	90.11	31,344,223	64,194,364	43,010,224	33%	238,946	15	57,347	296,293

Housing Unit	M2	Construction Cost* (1993)	Net Cost (1994)	Subsidized Cost	Subsidy Percentage	Monthly Payment (1995)	Number of Years	Tax Relief	Total Monthly Payment
24	95.54	33,233,016	68,062,696	45,602,006	33%	253,344	15	60,803	314,147
25	100.79	35,059,197	71,802,796	35,901,398	50%	149,589	20	35,901	185,491
26	68.64	23,876,012	48,899,136	24,449,568	50%	101,873	20	24,450	126,323
27	79.29	27,580,551	56,486,196	28,243,098	50%	117,680	20	28,243	145,923
28	120.61	41,953,465	85,922,564	57,568,118	33%	319,823	15	76,757	396,580
29	65.03	22,620,295	46,327,372	31,039,339	33%	172,441	15	41,386	213,827
30	86.36	30,039,808	61,522,864	30,761,432	50%	128,173	20	30,761	158,934
31	103.53	36,012,289	73,754,772	36,877,386	50%	153,656	20	36,877	190,533
32	91.67	31,886,859	65,305,708	32,652,854	50%	136,054	20	32,653	168,706
33	80.99	28,171,886	57,697,276	28,848,638	50%	120,203	20	28,849	149,051
34	99.17	34,495,689	70,648,708	35,324,354	50%	147,185	20	35,324	182,509
35	52.36	18,213,112	37,301,264	24,991,847	33%	138,844	15	33,322	172,166
36	128.53	44,708,389	91,564,772	61,348,397	33%	340,824	15	81,798	422,622
37	114.13	39,699,436	81,306,212	54,475,162	33%	302,640	15	72,634	375,273
38	100.43	34,933,973	71,546,332	35,773,166	50%	149,055	20	35,773	184,828
c.1	22.15	7,704,745	15,779,660	15,779,660	0%	87,665	15	21,040	108,704
c.2	20.95	7,287,332	14,924,780	14,924,780	0%	82,915	15	19,900	102,815
<b>Total</b>	<b>2,886.17</b>	<b>1,003,937,020</b>	<b>2,056,107,508</b>	<b>1,204,451,759</b>		<b>5,942,736</b>		<b>1,426,257</b>	<b>7,368,992</b>

Source: Unidad de Vivienda, Dirección General de Planificación. "Adjudicación de Viviendas, Casa de los Siete Patios". Report, Quito, 1995 :16

Table 3.2.9: *House of the Seven Patios*, Old Tenants (1993)

House of the Seven Patios Old Tenants (1993)						
Affordability and Monthly Rent Price Calculation (in Sucres)						
Housing Unit	M2	Standard Rental Price per M2*	Tenants Offered Monthly Rental Payments	Renter's Tenure	Calculated Monthly Household Income**	Rent Subsidized Amount
1	75.76	104,549	60,000	old tenant	200,000	44,549
2	85.26	117,659	70,000	old tenant	233,333	47,659
3	65.70	90,666	30,000	old tenant	100,000	60,666
7	50.91	70,256	60,000	old tenant	200,000	10,256
12	33.18	45,788	40,000	old tenant	133,333	5,788
16	33.90	46,782	50,000	old tenant	166,667	-3,218
17	35.81	49,418	50,000	old tenant	166,667	-582
19	59.81	82,538	70,000	old tenant	233,333	12,538
21	119.90	165,462	166,000	old tenant	553,333	-538
22	93.18	128,588	125,000	old tenant	416,667	3,588
25	100.79	139,090	139,000	old tenant	463,333	90
26	68.64	94,723	95,000	old tenant	316,667	-277
27	79.29	109,420	90,000	old tenant	300,000	19,420
30	86.36	119,177	120,000	old tenant	400,000	-823
31	103.53	142,871	145,000	old tenant	483,333	-2,129
32	91.67	126,505	150,000	old tenant	500,000	-23,495
33	80.99	111,766	70,000	old tenant	233,333	41,766
34	99.17	136,855	90,000	old tenant	300,000	46,855
38	100.43	138,593	140,000	old tenant	466,667	-1,407
Source: <i>Unidad de Vivienda</i> Archives, Quito 2007						

Table 3.2.10: *House of Seven Patios*, New Tenants (1993)

House of the Seven Patios New Tenants (1993)						
Affordability and Monthly Rent Price Calculation (in Sucres)						
Housing Unit	M2	Standard Rental Price per M2*	Tenants Offered Monthly Rental Payments	Renter's Tenure	Calculated Monthly Household Income**	Rent Subsidized Amount
4	36.34	50,149	30,000	new tenant	100,000	20,149
5	62.07	85,657	90,000	new tenant	300,000	-4,343
6	48.22	66,544	66,544	new tenant	221,813	0
8	59.07	81,517	70,000	new tenant	233,333	11,517
9	49.35	68,103	50,000	new tenant	166,667	18,103
10	37.79	52,150	52,150	new tenant	173,833	0
11	56.93	78,563	70,000	new tenant	233,333	8,563
13	53.17	73,375	60,000	new tenant	200,000	13,375
14	49.02	67,648	30,000	new tenant	100,000	37,648
15	37.89	52,288	90,000	new tenant	300,000	-37,712
18	78.94	108,937	109,000	new tenant	363,333	-63
20	143.69	198,292	199,000	new tenant	663,333	-708
23	90.11	124,352	130,000	new tenant	433,333	-5,648
24	95.54	131,845	132,000	new tenant	440,000	-155
28	120.61	166,442	170,000	new tenant	566,667	-3,558
29	65.03	89,741	120,000	new tenant	400,000	-30,259
35	52.36	72,257	100,000	new tenant	333,333	-27,743
36	128.53	177,371	177,000	new tenant	590,000	371
37	114.13	157,499	166,000	new tenant	553,333	-8,501
c.1	22.15	30,567	80,000	new tenant	266,667	-49,433
c.2	20.95	28,911	80,000	new tenant	266,667	-51,089

Source: *Unidad de Vivienda* Archives, Quito, 2007.

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